



Letchworth
Garden City
Heritage Foundation

REPORT & ACCOUNTS

to 31 December 2022

WELCOME FROM OUR CHAIR

It has been a privilege and an honour to serve my first year as Chair of the Letchworth Garden City Heritage Foundation Board of Trustees.

Stepping in to the role, I was fortunate to be able to continue the work started by my predecessor, Pam Burn, who steered the Foundation through the turbulence of Covid-19, and I have been incredibly proud of the hard work of the Executive Team in navigating the residual uncertainty and economic headwinds post-pandemic.

This past year has been a balance of challenges and opportunities, which the Foundation has met with admirable innovation, pragmatism and professionalism. With the continuing efforts to recover outstanding arrears and optimise occupancy in its commercial and retail properties (while planning for – and investing in – improvements to sustainability) the team are to be commended for their prudence and resilience.

At the same time, having been able to invest in our community assets, such as the new play equipment

and car park at Standalone Farm, it has been a delight to see residents and visitors using this attraction – and the Greenway – in ever greater number, as the rekindled relationship with nature that emerged during lockdown has continued.

Following a skills audit and targeted recruitment campaign, we were fortunate to welcome several new Trustees to the Board. They have brought their skills and knowledge in education, architecture, planning, development, fundraising, communications and finance to the Foundation, as well as a passion for Letchworth. I am especially pleased that we have been able to bring more diversity to the Board. I have already enjoyed working with these incredible minds and warm hearts, who have made valuable contributions to strategy as well as freely offering their valued time on several committees. My sincere thanks to them all, and to my longer-serving colleagues alongside them, who made this possible.

In our community, it has been a pleasure to support many important projects and activities via our charitable grants programme over

the last 12 months. Seeing the Ernest Gardiner Treatment Centre take on a renewed purpose and vibrancy, having donated its use to the Garden House Hospice, was a true highlight. Renewing our commitments to the many education, family, sports, faith and cultural programmes that we support via the Grants Committee has been heartwarming.

We are determined to further increase our charitable dividend to the community in the years ahead. But to make this happen, we still have much to do to ensure a strong financial future for the Foundation.

And to that end, I want to express my thanks to those civic-minded Letchworth residents and wider stakeholders, who have engaged with the Foundation to contribute to the continuing dialogue over how to best shape the potential future of the Garden City. I was overjoyed by the record attendance at our Garden City Meeting in the Broadway Hotel last summer, and by the spirit of positivity, creativity and collaboration that resonated around the room. I sincerely hope that we can collectively maintain

and build on this fervour, as we look to recruit volunteers, contributors, Governors and Trustees to join us in our mission to preserve and propel Letchworth Garden City over the coming months and years.

I am looking forward to the opportunities and challenges that lie ahead for Letchworth Garden City and for the Foundation. I will do my utmost to help it to deliver a bright future for our town.

G Hawkins

Gareth Hawkins
Chair



REFLECTIONS ON 2022 FROM OUR CEO

I am delighted that this report sets out so many remarkable achievements that the Foundation has helped to make happen in 2022, working alongside the local community and our key partners including local government, schools and the voluntary and community sector.

Broadway Gallery, The Museum at One Garden City and Standalone Farm in particular have welcomed record breaking audiences. We have also funded many local voluntary groups to be able to reopen, provide much needed services and to help celebrate the Platinum Jubilee.

Delivering against our charitable objects is core to the Foundation's mission and it is good to see how well we have performed in many areas this year across education, culture, heritage, and tackling poverty to name but a few. I am grateful to our dedicated team for making all that happen, particularly as there is a complex picture of challenge, change and constraint that underlies those achievements.

The Foundation continues to deal with the significant legacy of Covid-19 both in terms of a backlog of outstanding work (particularly with our tenants) alongside work to reduce the very significant rent arrears that accumulated during the pandemic across our commercial property portfolio.

As reported here income recovery has largely been strong but our overall levels of community reinvestment – the very essence of the Garden City model on which we are founded – remains significantly less than it was pre-Covid. This is largely because our cost base, especially of maintaining the property estate, is rising faster than our income. We are also facing reduced demand for office space in the town as employers offer more home-based work opportunities. As a whole that means we have not been able to reverse the cuts made in 2020 across community services and funding.

Rising costs are also affecting everyone who lives in Letchworth. Cost of living pressures are being

felt particularly at Broadway Cinema where our audience numbers have fallen, but also by the organisations we fund like North Herts Citizens Advice who have seen record numbers of people needing advice with debt and benefits. We expect those pressures to continue for some time. One other factor that is beginning to impact on us is climate change. The Government has imposed new and higher standards for the energy performance of buildings from this year right through to 2030. As a commercial and residential landlord of many older buildings, this means we need to make significant additional investment improving thermal efficiency in our estate. We have budgeted an extra £1m on property maintenance and improvement costs this year and we expect to have to do that for several years to come.

Despite all these challenges the Foundation is still able to invest significantly in the local community with a total of £509,000 being re-invested this year. That is something we must all celebrate.

About this report

The purpose of this report is to give an update on our achievements against the objectives set out in our Strategic Plan and on our financial performance in 2022.



Graham Fisher
Chief Executive



reflections

WHO WE ARE AND WHAT WE DO

Our vision is to make Letchworth
a great place for everyone
who lives and works here

our vision

We use the income from our residential and commercial property portfolio, all of which is in Letchworth, to fund the activities that we deliver. This financial model is known as 'value capture'. It helps us deliver dozens of community projects and workstreams throughout our venues, services and grants programme.

In a typical year our teams work across a broad range of areas covering the six charitable commitments ('objects') set out in our constitution:



Environment and Heritage



Education and Learning



Recreation and Leisure



Tackling Poverty and Improving Wellbeing



Grant Funding and Charitable Support



Community Support

Activities include:

- Working with families and schools to give children the best possible start in life.
- Encouraging and supporting a new generation of entrepreneurs to develop businesses in Letchworth.
- Enabling people from across our community to access arts, culture and heritage services and events.
- Developing plans to create housing for people at different stages of their lives, including those who want to stay in their hometown.
- Maintaining the Greenway and other open spaces, to make sure people can enjoy the outdoors.

2022 was the first full year of operating following the pandemic, and we found that the community ties that we had enhanced during this time remained strong. Our strength as an organisation lies in developing partnerships to offer the best opportunities to everyone who lives here. We want to enable everyone to get the most out of life, at every age and at every stage of life. That is why we use data and insight to shape our decisions. Our focus is on understanding the people of Letchworth and adapting our services to the needs and interest of those who use, or would like to use them.

our vision

Our purpose was defined by the Letchworth Garden City Heritage Foundation Act 1995, which transferred to us the assets, role and responsibilities of the former Letchworth Garden City Corporation, a public sector body. We are a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, registered number 28211R.

Click to view
www.letchworth.com



“Our strength as an organisation lies in developing partnerships to offer the best opportunities to everyone who lives here.”

STRATEGIC AIMS AND PRIORITIES 2022

As we moved into 2022, our focus was on the development of our new five-year strategy which will map out the work of the Foundation from 2023, and our key strategic priorities. We began this process with a public forum at our annual Garden City Meeting in June. 2022 was the final year of our current strategy which will focus around our current strategic aims and priorities:



Improving life chances for people in Letchworth

- Continue to address poverty through our Citizen's Advice North Herts Financial Health Project
- Adapt our grants programme to support emerging areas of need, including financial and digital inclusion, and continue to provide grant funding to organisations feeling the long term effects of Covid-19
- Create new and increased opportunities for local volunteering



Ensure Letchworth continues to be a great place to live

- Launch our new Culture Strategy as part of the Letchworth Festival
- Implement our new Standalone Farm strategy and capital improvement programme to improve the site and facilities
- Support and fund Platinum Jubilee community celebrations
- Community Engagement



Initiate a financial recovery roadmap

- Make our venues more financially sustainable
- Recruit a fundraising manager and develop a fundraising strategy
- Maximise the benefits of our property portfolio



Increase investment in Letchworth

- Reestablish the Town Centre Strategy Group to lead and implement a town centre recovery plan
- Develop Place Branding for Letchworth Garden City
- Respond to the outcome and opportunities from the Local Plan



OUTCOMES AND IMPACT

Our strategic objectives provide strong guidance for our teams. Alongside this, we are focused on delivering a number of outcomes for the local community that will ultimately improve the quality of people's lives.

Beneath our strategic objectives lie eight specific outcomes, which are outlined in the framework shown on the right. This clear framework enables stakeholders and service users to understand what the Foundation aims to achieve. It also allows every colleague at the Foundation to recognise the difference that they are making.

We measured the case studies shown in the following pages against these outcomes.

The outcomes we aim to achieve



Letchworth **children** participate in a range of **cultural opportunities**



Reduce isolation in Letchworth particularly for **older people**



A **high quality** of life in Letchworth for **all** residents



The **unique character** of the town is understood and **celebrated**



The town centre is **vibrant**



Letchworth is known for its **cultural** offer



Supported families have improved **opportunities** and life chances



People's **health and wellbeing** are improved through increased levels of **physical activity** and **community** involvement

impact

MEASURING OUR WORK

In 2022, as we emerged from the pandemic, we wanted to hear from residents about what was important to them as we developed our plans. Throughout the year the community provided input and gave feedback on a wide variety of topics from culture in Letchworth to the future of play at Standalone Farm to co-working in the town centre. We always appreciate people taking the time to feedback so we can take your views into account when designing our work and planning ahead.

We continue to use local data to inform our work and decision-making – through working closely with partner organisations and other sources – to have an up-to-date view of life in Letchworth.

Towards the end of 2022, the Office for National Statistics (ONS) published the Census 2021 topic summaries, enabling us to access more information about the make-up of Letchworth Garden City and how that has changed in the 10 years since the last Census. As it was undertaken in March 2021, during one of the lockdowns, we are mindful of how this might have impacted certain data sets. For example, at the time of the Census, 37% of Letchworth's population were working mainly at or from home compared to 3.7% in 2011. Since lockdown ended this figure may have changed but we do know that the pandemic has had a lasting impact on people's working patterns and habits.

For the first time, the Census asked questions about sexual orientation and gender (both for over 16s and optional) and about armed forces veterans so we have new information about the size of these groups in our community that was not available to us before.

“We continue to use local data to inform our work and decision-making.”



DIVERSITY AND INCLUSION

The Foundation believes that Equality, Diversity and Inclusion (EDI) are essential aspects of how we fulfil our purpose. We believe that having a diverse workforce within the Foundation brings many benefits such as strengthened insight, creativity and improved problem solving, all of which supports us to have a greater impact in our community. We want to ensure everyone, regardless of their background and characteristics, should be able to access opportunities to fulfil their potential. As a funder, inequalities are at the root cause of many of the issues our community faces and much of the support we provide to fulfil our charitable objectives. By embedding EDI across our funder activity we will be able to deliver greater impact against our charitable objectives.

In 2022, the EDI Allies group (VOICE) delivered some key milestones...

EMBEDDING THE EDI POLICY

In order to ensure that EDI is fully embedded in our organisational culture, a formal EDI policy was produced in 2022 which outlines how the Foundation will strive to work inclusively.

TRAINING

All Foundation staff undertook training throughout 2022 on subjects including inclusive recruitment and unconscious bias.

CALENDAR

To truly embed EDI into our colleagues day-to-day lives, we set up a calendar of events to heighten participation in national and international awareness days, weeks and months, and make them a part of our working patterns. The forward planning calendar also includes a number of internal events for staff in 2023, including International Womens Day and Mental Health Awareness Week.

The policy includes our mission statement:

The EDI Allies prioritise equality, diversity & inclusion so that it runs through our DNA at all levels of Letchworth Garden City Heritage Foundation. We believe in removing barriers, encouraging everyone to be themselves and upholding the values of the Foundation. As allies we will act as champions, be here for impartial support, challenge behaviours that go against protected characteristics and promote inclusion. We strive to create a workplace that reflects the customers we meet through our venues, services and work in the community.





Improving life chances for people in Letchworth

Continue to address poverty though our Citizen's Advice North Herts Financial Health Project

In 2022, we worked with Citizens Advice North Herts (CANH) helping them to expand their community-based activity and the delivery of their Financial Capability workshops. CANH continued to gather feedback throughout the year which we will be able to use to tailor future delivery where demand and need is greatest.

CANH's 2022 objectives included:

- Promote financial literacy in schools for students and parents across the town.
- Develop partnership work to ensure they reach the most vulnerable residents who have the most to gain from the project.
- Train and support community champions to ensure a positive legacy for the project.
- Advocate for clients, give them a voice in the community and fight injustices that affect them most whilst continuing individual support with debt and benefit issues.
- Measure the impact of each strand and use this to inform and focus the approach for the third year of the project. Those who accessed the project will be surveyed so CANH can learn about individual experiences and what improvements could be made.
- Raise awareness of the issues derived from living on low income and work together with the Foundation to explore wider partners and future strategies to address or reduce these in the town.

£100,000



funding to CANH in 2022

164



clients supported with individual advice

£484,000



of financial outcomes

£346,500 of additional income

£73,200 debt written off

30



workshops delivered

165



people attended workshops



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People's **health and wellbeing** are improved through increased levels of **physical activity** and **community** involvement

partnership



Improving life chances for people in Letchworth

Adapt our grants programme to support emerging areas of need, including financial and digital inclusion, and continue to provide grant funding to organisations feeling the long term effects of Covid-19



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Reduce isolation in Letchworth particularly for **older people**



A **high quality** of life in Letchworth for **all** residents



Supported families have improved **opportunities** and life chances

Much of the community was affected by the cost of living crisis in 2022, as costs of fuel, food and power soared to record highs. To support this emerging area of need, the Foundation announced a stream of funding for groups and clubs.

Voluntary and community organisations with charitable aims could apply for grants up to £3,000 to provide activities and shelter for Letchworth residents impacted by the increases in the cost of living.

The *People, Places & Communities* grant programme had two core aims:

- To enable activities to take place in the community that mitigate against the effects that are being caused by the rise in the cost of living.
- To support groups affected by the rise in inflation to continue providing their valuable community-based activities and services.

We recognised that communities and groups in Letchworth were impacted differently by the cost of living crisis. As a result, we anticipated what these challenges might be and developed ways for residents to come together and access support to help them navigate the rise in the cost of living.

Equally, there is likely to be a variety of needs to continue to offer regular community-based activities. Groups know their needs best, however, it is important the activity is meeting one or more of the following objectives:

- Creates a warm and welcoming space.
- Encourages social interaction between residents.
- Provides opportunities to learn new skills that will help to alleviate the effects of the rise in the cost of living.

- Provides practical solutions to challenges associated with the increased cost of living.
- Helps to enhance skills and knowledge.
- Enables access to food.
- Enables access to support or information that will help to alleviate the effects of the rise in the cost of living.
- Improvements to buildings or systems enabling a group to be more efficient and in turn reduce running costs.

£17,228  of grant funding

8  **Letchworth organisations**



Covering a range of needs including:

- waterproof suits in pre-schools to enable all children access to outdoor play and learning.
- utility costs to ensure valued community groups can continue to run regular weekday and weekend activities.

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www.letchworth.com



“Much of the community was affected by the cost of living crisis in 2022, and to support this emerging area of need, the Foundation announced a stream of funding for groups and clubs.”





Improving life chances for people in Letchworth

Create new and increased opportunities for local volunteering



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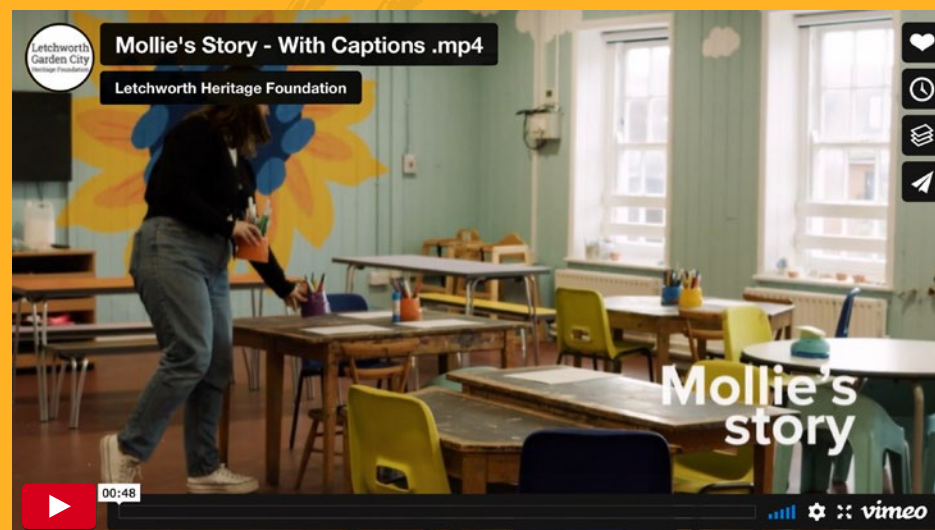
A much-missed community service which was paused during the pandemic was our Community Transport Scheme. Using our fleet of minibuses, and a new team of volunteers (read more about our volunteering plans at letchworth.com/volunteering) we were able to relaunch a version of the popular scheme in 2022.

The scheme is available for local groups, charities and organisations to book in order to bring their members and participants together where they may not otherwise have been able. In a similar vein to the *People, Places & Communities* grants programme, this scheme recognised the importance of socialisation and mobilisation to our community, our residents and their friends and families.

Volunteering can have a huge impact on lives and careers. You can see Mollie's story online.

Click to view

www.letchworth.com





Ensure Letchworth continues to be a great place to live

Launch our new Culture Strategy as part of the Letchworth Festival

The Foundation believes that arts and culture enrich people's lives; providing opportunities for people to develop their skills, confidence and understanding, improving wellbeing and enhancing their quality of life.

Our Artistic Policy (available at [Letchworth.com](https://www.letchworth.com)) sets out the Foundation's vision for creating an engaging, accessible and exciting arts and cultural offer for local residents and visitors to the town. The Culture Strategy goes one step further, and – working in partnership with key stakeholders across the town – identifies 14 key objectives for delivery between 2022 and 2026. It also clearly identifies our strategic cultural principals and outlines what the community will gain from standing together to deliver this ambitious piece of work.

The strategy was launched at the opening event of the Letchworth Festival 2022. The event was well attended and began the process of bringing all of our creative partners together into one strategic way of thinking.

Also launched at Letchworth Festival was our 2022 blockbuster exhibition at The Museum at One Garden City. Dedicated to the life and work of one of Letchworth's most famous residents, *Tom Karen Creations* saw over 4,000 visitors come to the museum and enjoy learning about Tom's most famous creations including the Bond Bug, Raleigh Chopper and Marble Run. The exhibition gave us opportunities to engage with the community in a number of ways including a 'Bond Bug Scalextric' event and a number of schools based workshops. Tom Karen sadly passed away at the end of 2022, leading to widespread media interest in his life and in this final poignant exhibition of his most celebrated works. The museum team opened a book of condolence at the exhibition where the public came to pay tribute to him. The exhibition lives on in digital form, including a full 360 degree tour, online at www.tomkarencreations.co.uk



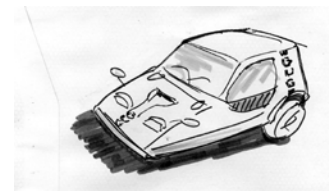
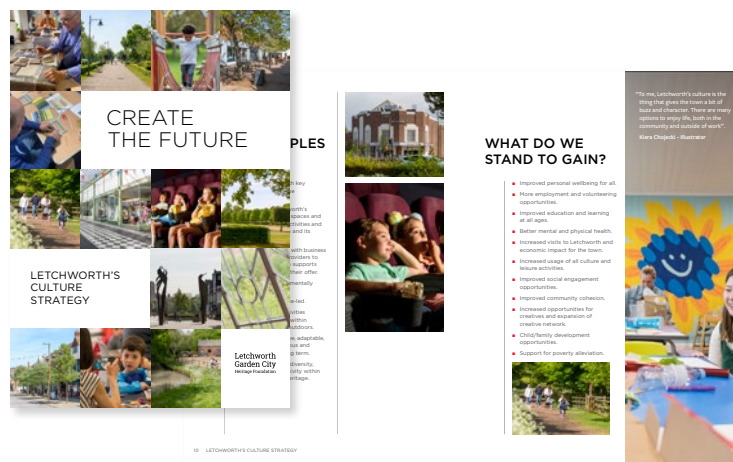
Letchworth **children** participate in a range of **cultural opportunities**



The **unique character** of the town is understood and **celebrated**



Letchworth is known for its **cultural offer**





Ensure Letchworth continues to be a great place to live

Implement our new Standalone Farm strategy and capital improvement programme to improve the site and facilities

The strategy aims to create an offer at Standalone Farm that delivers education, social, play, leisure and wellbeing opportunities for children, young people and families from Letchworth Garden City and the surrounding areas, with a strong focus on environmental and financial sustainability.

2022 is the second year of this four year plan, which will also consider how we can create an expanded and complementary offer that linked through to the Foundation's key leisure, arts, culture and heritage priorities.

Deliverables in 2022 were substantial. A new timber based outdoor playscheme was installed to replace the existing outdoor play equipment. This greatly enhanced the offer and set the tone for future developments in play at the farm. With the long term objective in mind of turning Standalone Farm into an all-year round destination, a new grid system was installed to vastly improve parking at the farm with access re-routed for cars and pedestrians.

In all, the £1 million investment into Standalone Farm received hugely positive feedback from customers, and contributed towards the increases in day ticket sales, event ticket sales and annual pass holders.

128,112



admissions to Broadway Cinema

4,542



visits to Museum at One Garden City

15,038



visits to Broadway Gallery

92,338



visits to Standalone Farm



Letchworth **children** participate in a range of **cultural opportunities**



Supported families have improved **opportunities** and life chances



Ensure Letchworth continues to be a great place to live

Support and fund Platinum Jubilee community celebrations

Letchworth Garden City has a long history of royal association, and with street parties and social gatherings for all ages being a feature of the Queen's long reign, the Foundation wanted to encourage people to celebrate together and build stronger social connections. Funding of up to £750 each was made available to voluntary and community organisations with charitable aims who are either based in Letchworth or organise and run groups and activities that benefit Letchworth residents.

At the heart of the fund was the purpose of encouraging people to celebrate their social connections by getting to know each other a little bit better and coming together in a spirit of fun and friendship.

Funding was available for all kinds of events, including:

- Big Lunch
- Community based events hosted by Community Centres
- Activities or events hosted by community groups either independently or in groups
- Events in settings such as independent living schemes where residents may not be able to access community based events
- Creative organisations hosting events to showcase or learn new skills
- Activities that utilise creative arts practitioners to compliment a planned activity or event such as dance, visual arts, music, theatre, literature and museums
- Street parties organised in conjunction with local rules and regulations e.g. road closures, etc.



Letchworth **children** participate in a range of **cultural opportunities**



The **unique character** of the town is understood and **celebrated**



Supported families have improved **opportunities** and life chances

£12,335  grant funding

The Foundation also undertook a programme of Jubilee Tree Planting – working with local organisations and charities including Jackie's Drop In. This programme will continue into 2023.



In September 2022, Her Majesty the Queen passed away. This added a new sense of poignancy to our commemorations of her happy and glorious reign. The Foundation opened a garden of remembrance at the Community Garden near The Wynd for members of the community to lay flowers and pay their respects.



support



Ensure Letchworth continues to be a great place to live

Community Engagement



The **unique character** of the town is understood and **celebrated**



Supported families have improved **opportunities** and life chances



Engagement with residents, groups, organisations and other stakeholders is key to the work of the Foundation. It's only by fully understanding the needs of the town that we can improve our services.

2022 saw the return of our in-person annual Garden City Meeting, welcoming over 150 residents of the town to the Broadway Hotel. The meeting was chaired by newly elected Chairman of the Board of Trustees, Gareth Hawkins, and included a presentation from Foundation CEO, Graham Fisher.

In his update, Graham shared positive news around post-Covid recovery for the Foundation and the town as a whole, as well as detailing some of the charitable investment made by the Foundation in 2021. Looking forward, Graham shared the Foundation's aspirations of becoming Net Carbon Zero across investment properties, heritage and home and talked about how the property team was working quickly and in varied ways in response to the changes in working patterns and demand for offices.

What Would You Like To Do In Letchworth?

In 2021, we launched the new Culture Strategy for Letchworth, which identified a number of objectives including growth in audience numbers and engagement and the development of an audience development plan. To underpin the work needed to reach these objectives, in 2022 we launched a widely publicised survey. The survey – which will run into Spring 2023 – seeks to find views on our existing museum, arts and heritage services. It also asks participants what they would like to do in Letchworth, and the results will be used by the culture team to develop workstreams to meet the Culture Strategy objectives. You can find up-to-date results and information at letchworth.com/culture





Initiate a financial recovery roadmap

Make our venues more financially sustainable

As you will read in more detail in the financial section of this report, the costs of operating Broadway Cinema increased substantially in 2022. However, a full 'return to cinema' has not been made with many in the community still unsure of socialising in enclosed spaces.

Our successes in 2022 therefore have been based on a low-risk model, using event cinema and film as our key focus and moving away from live theatre. As we worked through 2022 we continued to develop our longer term financial stability model for the cinema, which will include a review of the opening times, operations and day-to-day offer at the venue in 2023.

At Standalone Farm, in order to capitalise on the investment programme and improved offer, we focused on driving Annual Pass sales, giving us a reliable and regular income stream, as well as providing the best possible offer for our customers.

You can read more about our financial stability objectives later in this report.



Letchworth **children** participate in a range of **cultural opportunities**

investment





Initiate a financial recovery roadmap

Recruit a fundraising manager and develop a fundraising strategy

2022 began with a real enthusiasm from across both the Foundation and the community to reengage with some of the activities which had been curtailed by the pandemic. There was a particular passion for the arts, culture and creative sector, spurred on by the return of the Letchworth Festival in the Summer.

In order for the Foundation to offer a level of resource and activity in this area, the decision was taken to recruit a skilled Fundraising Manager. This post was filled in November 2022 and tasked with the creation of a Fundraising Strategy for 2023 and beyond.

This important new post at the Foundation will enable us to reinvest in key services and offers to meet our charitable objects.



The town centre is **vibrant**



A **high quality** of life in Letchworth for **all** residents



Letchworth is known for its **cultural** offer





Initiate a financial recovery roadmap

Maximise the benefits of our property portfolio

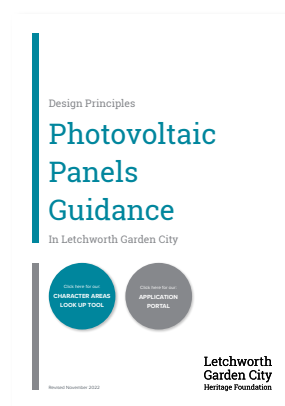
Residential

Our residential lettings remained strong throughout the year. Our regular surveys and engagement with our residents returned good results.

Sustainability

Sustainability remains crucial in our strategic planning; ensuring that our residential and commercial properties, as well as our venues and offices continue to grow in terms of energy efficiency. In 2022, we worked with a number of commercial tenants to co-fund works to assist with their energy compliance.

Our property team and Heritage Advice Team work closely together with residential properties to ensure that residents are enabled to make improvements to properties in LGC estate. In 2022, we launched a guide for residents interested in adding PV Panels to their property. This was particularly timely as the cost of electricity continued to rise.



You can see this guide by scanning the QR code below.

Read more about our plans at letchworth.com/your-home



Commercial

Our commercial lettings continued to pose a challenge, mirroring the national picture of industry still affected by the Covid-19 legacy. From a social perspective, many businesses are relying more on a hybrid or remote workforce reducing the need for office space. This has been exacerbated by regulations around rent collection during Covid-19.

In response to the changing need, the Foundation piloted co-working spaces throughout the town in 2022. These had limited appeal, but our team will keep a close eye on the ever-changing market and consider whether this, or other robust responses should be further considered.



The town centre is **vibrant**



A **high quality** of life in Letchworth for **all** residents



Increase investment
in Letchworth

Reestablish the Town Centre Strategy Group to lead and implement a town centre recovery plan

Against a national backdrop of declining retail and town centre footfall, the Foundation re-established a task group to focus on a Town Centre Strategy. This group, chaired by our Chief Executive, Graham Fisher, includes representatives from the key retail areas and the Business Improvement District amongst other stakeholders.

An important piece of research was conducted among town centre businesses in Spring 2022 to get a clearer picture of how our town centre is shaping up. It gave some key strategic development themes for the group to lead on.

Placemaking Specialists, People and Places, produced a Town Centre Recovery and Development Plan which focusses on four key themes:

- Planning and Travel
- Streetscape, Heritage and Culture
- Business Support, Promotion and Development
- Partnership Working

Under these four themes, the Town Centre Strategy Group will lead the recovery and development of the town centre as we move into 2023 and beyond.

recovery



A **high quality** of life in
Letchworth for **all** residents



The **unique character** of the town
is understood and **celebrated**



The town centre is **vibrant**



Increase investment
in Letchworth

Develop Place Branding for Letchworth Garden City

Analysis of the research undertaken by People and Places suggested that brand development and marketing needed to continue to emphasise the positive aspects of Letchworth Town Centre including a possible renewal of its Garden City identity and branding.

The Foundation is leading on a place branding project which seeks to find out what residents, the business community and visitors currently think about Letchworth Garden City, both positive and negative. Consultation has taken place throughout 2022. A Brand Delivery Group will be formed in 2023 with a view to taking the results of these consultations, and working with brand specialists to create a new brand for the Garden City.

This will have a measurable impact on a great deal of the work undertaken by the Foundation and other key stakeholders. As well as giving one united tone of voice and defining exactly what the essence of Letchworth Garden City is, the brand will enable us to amplify this messaging to deliver increased inward investment, tourism and media interest.



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The **unique character** of the town
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The town centre is **vibrant**





Increase investment
in Letchworth

Respond to the outcome and opportunities from the Local Plan



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Letchworth for **all** residents



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The town centre is **vibrant**

The North Herts Council Local Plan was adopted in November 2022. The plan identifies land to the North of Letchworth for a new neighbourhood of 900 homes alongside a new primary school, neighbourhood centre, public transport, walking, cycling, and green space improvements (known as LG1).

Throughout 2022, the Foundation – working in partnership with North Herts Council and Hertfordshire County Council – started work to prepare a strategic masterplan for the site in advance of the planning application being submitted. The masterplan and the planning application will be subject to extensive stakeholder and community consultation so local people can help shape the proposals. This began in 2022 with a number of consultation sessions with individuals, local stakeholders and community groups, and with the inception of The Grange Community Panel. This consultation will continue into 2023 and beyond as plans for the LG1 development take shape.

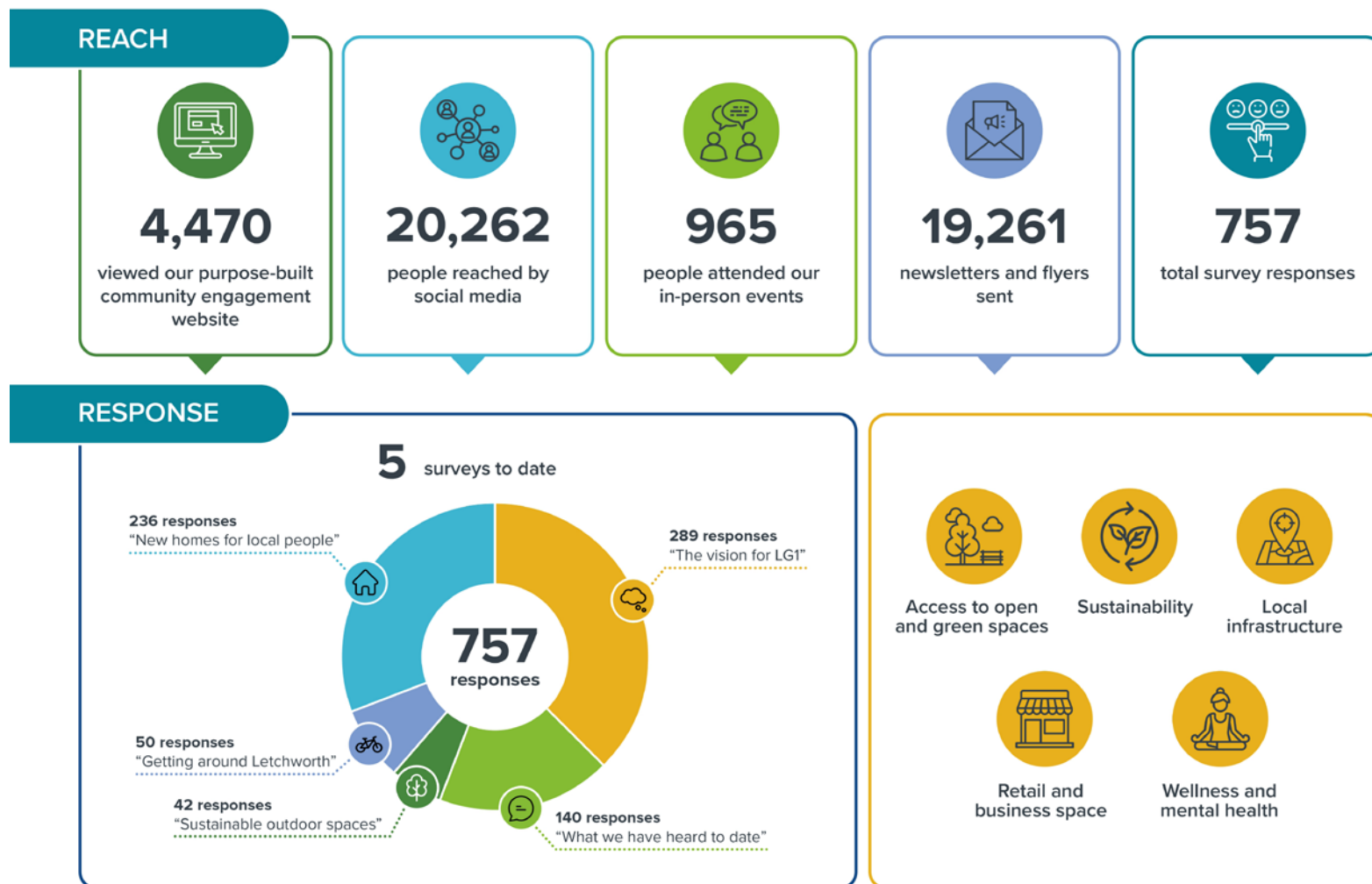
For continuing information, visit
www.letchworth.com/consultation





Increase investment
in Letchworth

Consultation results in 2022



OUR PLANS FOR 2023

Improve our financial stability to deliver greater community impact

Our key focus for 2023 is to improve our mid-term financial forecast. This will have an impact across the Foundation. We will be undertaking a full review of our property portfolio, assessing the age and condition of our buildings (with a close eye on sustainability) and measuring this against the demand for property in an ever changing business climate.

This review will inform a diversification of our investment portfolio, as well as our property regeneration and growth strategy. A new executive director position will be created in 2023 to focus on driving regeneration and growth across the Foundation.

We will also be investing in our data management and information systems to ensure our work continues to be efficient and compliant with all data regulations.

Taking a broader view, our 2023 strategy will focus on:

- Heritage, conservation & sustainability
- Cultural destination for everyone
- Enterprising venues – Standalone Farm & Broadway Cinema
- Invest in improving life chances – poverty, wellbeing & learning
- Letchworth place branding
- People – culture, comms, development & EDI
- Strategic plan – next steps on evidence base

invest



GOVERNANCE STRUCTURE AND MANAGEMENT

The Foundation is registered with the Financial Conduct Authority (FCA) as a Community Benefit Society under registration number 28211R under the Co-operative and Community Benefits Societies Act 2014.

Our charitable aims are set out in the Letchworth Garden City Heritage Foundation Act 1995 and its governing document, *The Rules of Letchworth Garden City Heritage Foundation*. The 1995 Act transferred the assets, role and responsibilities of the Letchworth Garden City Corporation to us.

The Foundation is an exempt charity and is also recognised by HMRC as a charity for tax purposes. The Charities Act 2011 in Schedule 3 lists those organisations which are exempt charities. Included in the list are charitable community benefit societies within which the Foundation falls.

The objects of the Foundation are for exclusively charitable purposes. This is recognised by a Scheme of 31 July 2012 of the Charity Commission for England and Wales, which altered the Foundation's Rules to require that the prior written consent of the Charity Commission must be obtained before making any amendment to the objects.

Our teams work across a broad range of areas covering the six charitable commitments ('objects') set out in our constitution:



Environment and Heritage



Tackling Poverty and Improving Wellbeing



Education and Learning



Grant Funding and Charitable Support



Recreation and Leisure



Community Support

We have a community governance model in place, with 30 Governors – at least seven of these are elected by Governors to sit on our Board of Trustees. Most Governors come from the Letchworth community and are appointed based on their field of expertise (such as finance, property management/development, IT, housing or town planning) meeting the needs of the Group.

We have provided additional reference and administrative details on page 80.

The Board of Trustees

The Board of Trustees comprises charity trustees as defined by section 177 of the Charities Act 2011. Trustees qualify as members under the Co-operative and Community Benefit Societies Act 2014. All are Governor volunteers who are not paid for their work as Trustees. They are appointed in one of three ways:

- **Election** – up to seven Trustees are elected by Governors.
- **Appointed** – up to five Trustees can be appointed through a competitive, external recruitment process undertaken by the Board.
- **Nominated** – one Trustee is from Hertfordshire County Council and one from North Herts Council.

Nominated Trustees are appointed annually. All other Trustees hold office for four years but can then be re-elected for a further four years.

The Board of Trustees sets our vision, agrees our strategy and monitors the performance of the Management Team. Every year it elects a Chair and Vice Chair from its own members and typically, there are six Board meetings a year. The Board formally delegates the management of the Foundation and its subsidiary to the Chief Executive. It makes strategic decisions based on reports and recommendations from the Management Team. Trustees and key management personnel complete an annual declaration to disclose any personal interests they may have in the Foundation, its subsidiary, partners or the community. In this way we can make sure that decision-making and other processes are not affected by individual interests. Our Grants Committee also completes a similar declaration to make sure that any conflicts of interest are recognised and managed when awarding money to local clubs and organisations.

“

Up to five trustees can be appointed externally through a competitive and transparent recruitment process undertaken by the Board.

governance

Responsibilities of the Board of Trustees in respect of the Financial Statements of the Foundation

Our Board of Trustees prepares Financial Statements for each financial year in line with the Co-operative and Community Benefit Societies Act 2014, the Letchworth Garden City Heritage Foundation Act 1995 and the Statement of Recommended Practice, Accounting and Reporting by Charities (FRS 102). In preparing these financial statements, the Board of Trustees:

- Selects suitable accounting policies and applies them consistently
- Observes the methods and principles in the Charities SORP 2019 (FRS 102)
- Makes judgements and estimates that are reasonable and prudent
- States whether relevant UK Accounting Standards have been followed and, if they haven't, explains why
- Prepares the financial statements on the going concern basis, unless it is not correct to presume that our activities will continue.

The Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It has general responsibility for taking reasonable steps to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

Financial statements are published on the Foundation's website in accordance with UK legislation governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. Board members are responsible for ensuring the maintenance and ongoing integrity of the Foundation's website, including the online financial statements.

Going concern

The Board has reviewed our financial position and financial forecasts, taking account of the levels of liquid resources, and the systems of financial control and risk management. As a result of this review, the Trustees have a reasonable expectation that the Foundation and its subsidiary have adequate resources to continue in operational existence for the foreseeable future. As a consequence, Trustees continue to support the going concern basis in accounting for preparing the annual accounts.

Disclosure of information to the auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the auditors are unaware
- They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Letchworth Commissioner

In accordance with the Letchworth Garden City Heritage Foundation Act 1995, a Letchworth Commissioner is appointed by the President of the Law Society for the purpose of conducting independent investigations into complaints of alleged maladministration. The current Letchworth Commissioner is Paul Barnes and his address is listed on page 80.

Grant-making policies

The Board supervises the Grants Committee in its day-to-day responsibilities for grants policies, procedures and awards. The Committee can award grants of up to £15,000 and the Board makes the final decision on grants above this sum. The Grants Committee consists of three Trustees and three other Governors and is chaired by a member of the Board of Trustees.

Public benefit

When reviewing our charitable commitments and planning future activities and grants, the Board refers to the Charity Commission guidance on public benefit. The Board believes that our commitments meet these guidelines and the relevant charitable purposes as defined by the Charities Act 2011.

Statement of policy on fundraising

The Board has committed to comply with the Code of Fundraising Practice. At present, we deliver all fundraising activities internally with the support of a small team of consultants who undertake fundraising activities as part of their role. All staff work to the Code of Fundraising Practice and all activity is overseen and monitored by the Executive Director of Communities, Culture & Heritage. We have not received any complaints about our fundraising practices and no failures to comply with the code have been recorded. All donations are monitored to ensure that any vulnerable people are protected.

governance

Setting pay and gender pay gap

Salaries are based on the level and responsibility of each role and we continue to pay all roles no less than the Real Living Wage. From time to time we compare our salaries, including those of the CEO and senior management, with those of other organisations to make sure we are in keeping with the market. The gender pay gap measures the differences in average hourly pay between men and women, no matter what their role in an organisation. In 2022, based on median pay for all staff, we operated with a 0.1% gender pay gap in favour of women. Men are not paid less to perform the same role as their female counterparts and pay is set in relation to the role performed. Our Trustees approve pay levels and any annual inflationary increase. The general pay award for 2022 was 2.5%.

“
We have committed
to pay all roles
no less than the
Real Living Wage.”

Risks and uncertainties

Our Risk Management Policy sets out the process that we use to identify and manage risks in all our activities. The Board is responsible for setting up an effective risk-management framework across the Group. The Risk and Internal Audit Committee works on behalf of the Board to monitor and review the effectiveness of the framework. Risk management is supported by individual departmental risk registers and an overarching corporate risk register. In addition to the Trustees' biannual review of the corporate risk register, our Leadership team reports to the Risk and Internal Audit Committee every three months.

In the course of this review, the Board has determined four main factors:

- the major risks to which the Foundation is exposed;
- the potential impact if an individual risk materialises;
- existing internal controls and accountability for them;
- and what mitigating action should be taken (and by whom) in order to reduce each risk to a level that the Board considers to be acceptable.

This position is recorded in our corporate risk register, which will continue to be formally reviewed by Trustees at least twice every year. The register is continually monitored by the Executive Team.

Because our operating activities are so diverse across a broad range of areas, we have a strong focus on risk management covering:

- Risks to income and liquidity
- Economic risks, including the effects of high inflation and recession
- Landlord and employer health and safety

- Data protection and IT systems
- Risks that may affect property lettings
- Protecting vulnerable people

We commission a rolling programme of internal audits to assess how we are managing risk and the effectiveness of our management controls. This service is outsourced to RSM UK in accordance with professional standards. The audit reports are reviewed by the Risk and Internal Audit Committee on behalf of the Board.

In 2022 we:

- Continued to diversify our investments, adding a further £2.65m to the value of listed investments.
- Appointed an IT professional to provide a dedicated resource to manage our outsourced provider of IT and drive forward improvements in this area.
- Established a Remuneration Committee to support the Board and to increase our focus on pay, reward and employee wellbeing.
- Expanded mandatory training requirements and secured high levels of compliance.
- Finalised Board recruitment, with open recruitment of 4 Trustees based on skills and experience.
- Agreed a measurable set of 'early warning signs'/financial controls with Trustees for controlling the 2023 budget.
- Commissioned independent audits on topics ranging from recruitment, IT controls, commissioning through other organisations and IT disaster recovery.

We identified and monitored key risks at various levels across the organisation, including the following.

Risk	Mitigating Actions
Leadership and management capacity insufficient to deliver strategy on budget, on time and in a manner acceptable to key stakeholders (staff, board, governors, customers, wider community).	<ul style="list-style-type: none"> ■ Regular Leadership Team meetings with updates to Chair/Trustees between Board meetings. ■ Strategy agreed with Board, regular financial reports and income updates. ■ Five year business plan and strategic plan in development with Board. ■ Positive staff Net Promoter Score (NPS) score in recent Happiness Survey with improvement action plans. ■ Stakeholder engagement plans being implemented. ■ Additional roles in Health & Safety, IS and Digital, fundraising, property and GDPR roles are all now filled. ■ Contingency plans in place to manage Leadership Team absence and maintain business plan progress.
Risk that we fail to comply with health and safety responsibilities that apply to us as a landlord, an occupier of buildings and land.	<ul style="list-style-type: none"> ■ Management of commercial (investment) estate outsourced to specialist supplier (Savills). ■ We retain full access and visibility of the RiskWise system and 'live' status is monitored. ■ Dedicated Health & Safety role employed directly by the Foundation. ■ Risk & Internal Audit Committee review and challenge landlord health and safety compliance at all meetings (quarterly). ■ Three monthly reporting to Board of data through our KPI report.

Risk	Mitigating Actions
High inflation , including unprecedented utility costs combined with recession , causes local businesses and charities to fail.	<ul style="list-style-type: none"> ■ Close monitoring of voids and bad debts, including forecast performance, via monthly management accounts and KPIs. ■ Early warning signs/performance tolerances agreed with Board in 2023 Budget. ■ Policy of holding minimum of £3m in cash and £7m in listed investments provides liquidity/time to adjust in times of crisis. ■ Stress testing of our business plan, plus documented mitigation strategies to counter effects of prolonged adverse void and bad debt performance.
Risk that we fail to identify and deliver investment property maintenance/improvements , (including carbon reduction), resulting in reactive asset management decisions, high voids and poor reputation.	<ul style="list-style-type: none"> ■ Commission baseline stock condition data on our investment and operational properties. ■ Disposal vs retain appraisals undertaken in detail and on a case by case basis. ■ We appraise our long term financial capacity to assess affordability.

governance

FINANCIAL REVIEW OF 2022

Overview

The operations of the Foundation stabilised in 2022 following the challenges caused by the COVID-19 pandemic in 2020 and 2021. A strong focus on rent collection led to performance improvements, together with healthy reduction in brought forward tenant arrears. Rent losses from empty properties remained relatively stable across the year, even though the office sector poses a significant, long-term asset management challenge. These positives enabled the organisation to increase charitable expenditure year-on-year (up over £1.3m) and invest a further £2.65m into listed investments.

As we progressed through 2022, the effects of rising inflation, the cost of living crisis and an economic recession began to impact on the Foundation and our tenants. We continue to take important steps to mitigate our income-related risks, including working constructively with tenants on viable arrears repayment plans.

2022 saw the adoption of the Local Housing Plan by Hertfordshire County Council, incorporating two important sites held by the Foundation (LG1 and LG3). The formal adoption of these sites for housing materially increased the overall value of our investment properties.

In the coming years, increased investment to improve the EPC ratings of our let and owner-occupied properties will become an increasingly focal and dominant part of our operations. In conjunction with this investment, our planned asset disposal programme will allow us to reduce future maintenance obligations and add greater diversification to our long-term investments (and in turn, our sources of income). This approach will, in time, allow us to expand our charitable services for the benefit of the local community and make the organisation more resilient and fit for the future.

Financial results for 2022

Our financial performance in 2022 was encouraging. The Group reported net income before gains on investments of £1,715k (2021: £3,996k). Underlying results, excluding surpluses from the sale of land and buildings, returned a £1,250k surplus at Group level (2021: £1,799k). Results for the year were stronger than budget with rental income growth and bad debt performance both exceeding expectations.

An operating surplus is both necessary and important as it provides funding for our capital expenditure programme. The programme focusses on maintaining and improving our venues and investment properties. We committed £782k by way of additions to investment properties and £892k to operational assets. We also reinvested £2.65m in listed ethical multi-asset investments that target a combination of income and capital growth.

Turnover decreased by £2,016k to £13,592k (down 12.9%) year-on-year. Underlying turnover, i.e. excluding non-recurring asset sales, increased by £772k (up 6.2%).

“A strong focus on rent collection saw performance improve, together with healthy reduction in brought forward tenant arrears.”

“Excluding non-recurring asset sales, turnover increased by £772k (up 6.2%).”

finance

Financial results for 2022 *(continued)*

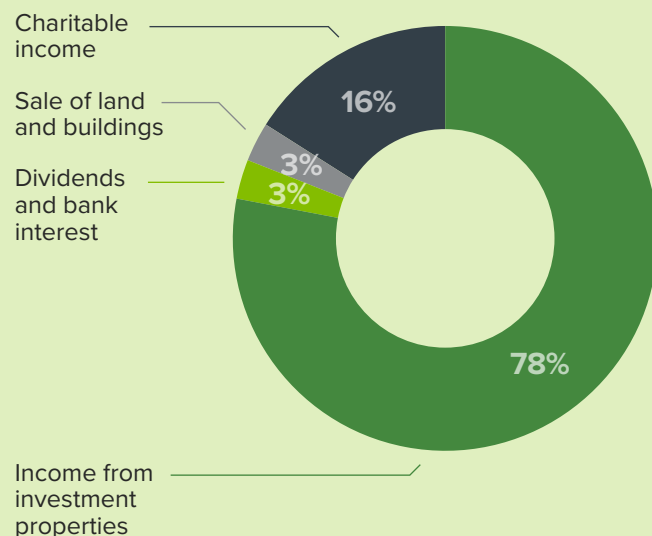
Income from investments, excluding the sale of land and buildings totalled £11,001k (2021: £10,440k). The £561k year-on-year increase in income (up 5.4%) is caused by a combination of increased revenue from our property portfolio and a rise in dividend income from our ethical listed investments. Charitable income continued to bounce back from the challenging effects COVID-19 had on visitor numbers to our venues and we generated £2,129k in 2022 (2021: £1,918k). A £211k rise in income from charitable activities represents a year-on-year increase of 11%. Across all categories of charitable income, we received grants of £157k (2021: £587k). The drop in grant income is linked to a reduction in COVID-related grants in 2022.

Total expenditure in 2022 was £11,877k (2021: £11,612k). After eliminating the effect of fluctuating asset sales, which cost £1,056k less in 2022, our underlying year-on-year increase in expenditure was £1,321k (12.5%). The increase comes from spending £1,323k more on charitable activities, with total charitable expenditure reaching £6,309k (2021: £4,986k). The £1,323k increase (up 26.5%) comes from a combination of increased activity levels at the cinema and farm, extra investment in environmental improvements, an uplift in charitable support costs and an increase in the value of grants awarded to local organisations. The cost of managing and maintaining investment properties, excluding the cost of land and building sales, reduced marginally to £5,568k (2021: £5,573k).

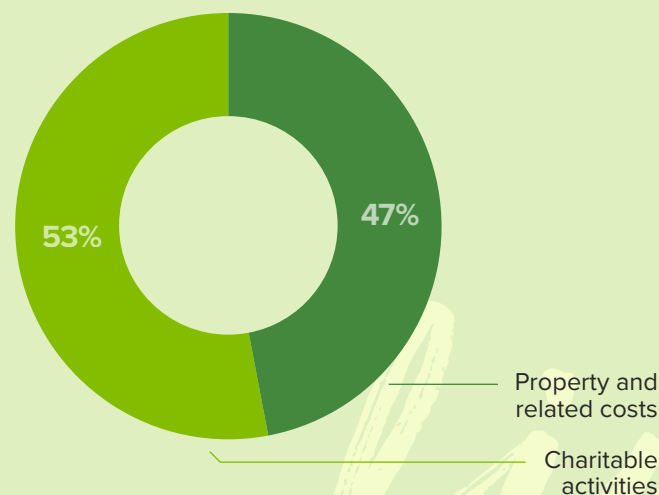
Across all funds, the Group achieved net income before gains on investments of £1,715k (2021: £3,996k).

Gains on investments amounted to £15,141k (2020: £16,520k) and were driven by unrealised increases to the fair value of assets, primarily land now adopted for housing. Our ethical listed investments reported a reduction in value across 2022, as did elements of our residential and office property portfolio. Changes to financial assumptions underpinned the £13,244k actuarial gain on our pension revaluation. The positive valuation movement was affected by an increase in the discount factor used to value liabilities (this rose to 4.75% from 1.9% a year earlier), which in turn significantly reduced the present value of scheme liabilities. Taking account of net income for the year of £1,715k, the £13,244k actuarial gain on pension valuation and the £15,141k gain on investments, the Group reported an overall increase in funds of £30,100k (2021: £25,456k).

2022 income, £13.6m



2022 expenditure, £11.9m



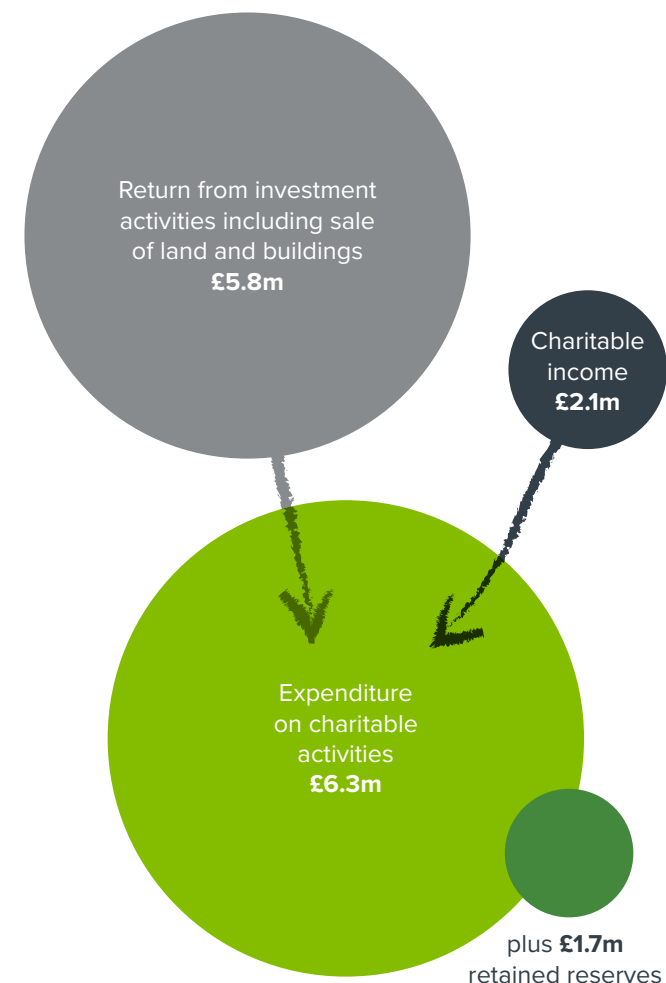
“Charitable income continued to bounce back from the challenging effects COVID-19 had on visitor numbers to our venues.”

finance

Statement of financial activities – summary view

	2022 £'m	2021 £'m	Notes re: 2022
Income from:			
Investments	11.0	10.4	Figures based on contracted lease income, year-on-year increase of 5%.
Property sales	0.5	3.3	Fluctuating value of asset sales received by trading subsidiary.
Charitable activities	2.1	1.9	Increased demand for Cinema and Farm attractions in 2022.
Total income	13.6	15.6	Total income down 13%, excluding fluctuating property sales reveals underlying turnover is up 6%.
Expenditure on:			
Investment property management	5.6	5.5	Lower bad debts in 2022 helped offset other cost increases, including property repairs and maintenance.
Cost of property sales	–	1.1	Fluctuating cost of asset sales.
Charitable activities	6.3	5.0	Increase is linked to a rise in footfall at Cinema and Farm, plus an increase in environmental improvements and grant giving.
Total expenditure	11.9	11.6	Total expenditure up 2%, excluding fluctuating cost of property sales expenditure is up 13%.
Net income/ (expenditure) before gain on investments	1.7	4.0	Surplus on sale of property = £0.5m in 2022. Underlying £1.2m surplus for 2022 linked to income growth and improved arrears recovery.
Net gain on investments	15.1	16.5	Driven by increases to the fair value of investments, notably land held for housing (includes property and listed investments).
Actuarial gain/(loss) on pension scheme	13.3	4.9	Derived from the annual FRS 102 pension valuation carried out by independent actuaries. Driven by a reduction in present value of liabilities.
Net Movement In Funds	30.1	25.5	

How we funded £6.3m of expenditure on charitable activities



finance

Investment performance

We spent £5,568k on managing, maintaining and selling investment properties. We funded these activities from investment income, which totalled £11,463k. This resulted in a net return of £5,895k (2021: £7,064k). The year-on-year decrease arose because the 2021 results include a higher surplus from selling land and buildings.

Under our operating model, returns from investing activities (primarily, but not limited to excess income remaining after managing and maintaining our property portfolio) are available to invest in charitable community services. Net income from investing activities (£5,895k) represents an income-based return equating to 2.6% of the closing value of investments held within the balance sheet. The £5,895k net return from investment activities, together with charitable income of £2,129k, allowed us to spend £6,309k (2021: £4,986k) on furthering our charitable objectives.

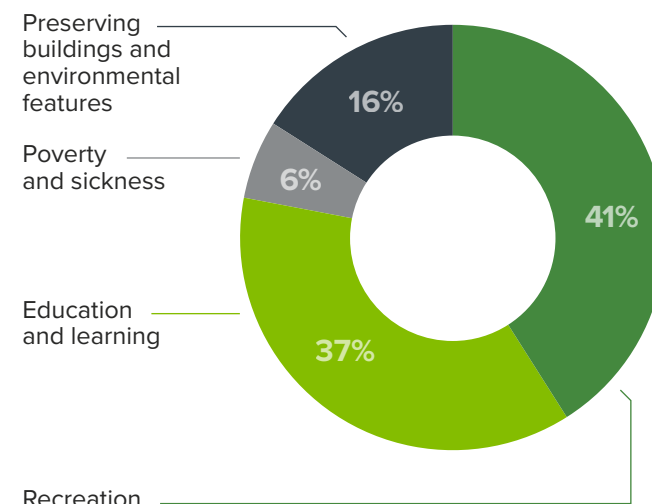
Our listed investments are becoming an increasingly important proportion of our balance sheet. They are ethically screened, held for the long term and target average returns over a 10 year horizon of Consumer Price Index plus 4% (CPI+4%) per year. Our listed investments are held within two separate funds, namely, the Charities Ethical Investment Fund managed by CCLA and the Charity Responsible Multi-Asset Fund managed by Schroders. Average annualised returns for both funds across the last three years are between 4.98% and 5.3% and although these returns are below CPI+4%, performance of both funds exceed their relevant benchmarks. Their combined end-of-year market value was £12,269k (2021: £10,754k).

How our income was spent in 2022

Investment in property management and maintenance (maintaining our income) amounted to £5,568k, leaving £8,024k of our 2022 income available to advance our charitable objectives, fund capital improvements to our buildings and reinvest. We spent £6,309k operating charitable activities, leaving a balance of £1,715k for capital works and reinvestment. During 2022, we committed £782k to enhance investment properties and £892k on operational assets.

“The cash generated from operating activities, including land and building sales, provided important funding for our capital maintenance and investment programme.

2022 charitable expenditure, £6.3m



Figures include an apportioned share of charitable support costs.

The financial return from investing activities (£5,895k in 2022) directly funds our charitable activities.

finance

Income – an overview

- Our total income was £13,592k (2021: £15,608k) – a decrease of £2,016k, 12.9%.
- Our total investment income was £11,463k (2021: £13,690k):
 - £10,638k from investment properties (2021: £10,214k)
 - £462k arising from the sale of land and buildings (2021: £3,250k)
 - £363k from dividends and interest (2021: £226k).
- Income from our charitable activities totalled £2,129k and included:
 - £1,168k from the Broadway Cinema (2021: £851k)
 - £789k from Standalone Farm (2021: £616k).
 - Other charitable income amounted to £172k (2021: £451k).

Across all charitable income categories, we received grants totalling £157k (2021: £587k). The lower grant income coincides with a reduction in COVID-related support grants.

Expenditure – an overview

- Our total expenditure was £11,877k (2021: £11,612k) – an increase of £265k, 2.3%:
 - £5,571k – managing ongoing investments (2021: £5,573k). This represents a year-on-year decrease of £2k (0.04%), supported mainly by a lower provision for doubtful debts.
 - £3k credit associated with land and building sales (2021: £1,053k).
 - £6,309k – charitable activities (2021: £4,986k).

Underlying expenditure (i.e. excluding the value of fluctuating land and building sales) rose considerably year-on-year. This was principally because the demand for our charitable services bounced back following the effects of COVID-19. During 2022 we increased our investment in environmental improvements and we

committed more funding to local beneficiaries by increasing our grant programme to £486k (2021: £414k).

Net income before gains on investments was £1,715k (2021: £3,996k)

Net gains on investments came to £15,141k (2021: £16,520k)

- The gain on investments within Endowment Funds for 2022 was driven by valuation increases to the assets in our investment property portfolio, notably land held for housing. Collectively these assets reported an increase in value of £16,259k.
- Gains arising from the disposal of property investments, also reported with Endowment Funds, amounted to £20k (2021: losses £818k).
- Listed investments within the Cazenove Responsible Multi-Asset Charitable Fund and the CCLA-managed Ethical Investment Fund for Charities reported a revaluation loss of £1,138k (2021: £648k gain). This loss is reported with Unrestricted Funds.

Other recognised gains and losses

The £13,244k actuarial gain on the LGPS pension scheme was derived from the annual FRS 102 pension valuation carried out by independent actuaries on behalf of the scheme. The valuation at the end of December 2022 on an ongoing basis, as reported in the balance sheet, has an excess of assets over liabilities of £8,809k.

Balance sheet

At the end of the financial year, we reported total net assets of £248,960k (2021: £218,860k). Total Unrestricted Funds were £33,371k (2021: £19,542k). Cash balances, including money held on behalf of tenants in the form of deposits and cash-backed sinking funds, stood at

£10,242k (2021: £11,267k). The operating results for the year, including proceeds of £462k from the sale of land/buildings, enabled us to fund capital expenditure on operational assets, plus make improvements to investment properties. We also invested a further £2,653k in listed investments. The value of the Group's investment property portfolio rose to £215,179k (2021: £198,138k).

Subsidiary company results

As a society registered under the Co-operative and Community Benefit Societies Act 2014 and with charitable status, we cannot trade commercially for profit. Our subsidiary company, Letchworth Garden City Trading Limited (LGCT) makes qualifying charitable donations from its profits to the Foundation. In 2022 it reported an overall profit, before gift aid distributions, of £413k (2021: £2,143k).

Funds

Unrestricted Fund: this includes our statutory reserves (excluding the Endowment Fund) plus the amounts held by LGCT. It supports the day-to-day operations that help us meet our aims. Where appropriate, Trustees approve a transfer from the Endowment Fund to the Unrestricted Fund, to ensure that the available funds element is adequate but not excessive. During 2022 no transfer from the Endowment Fund was needed (2021: nil) and the end-of-year balance was £33,371k (2021: £19,542k). No transfer was needed in favour of the Restricted Fund to recognise the value of restricted grant money received in advance of 2023 (2021: £11k).

Endowment Fund: this comprises the funds given to us as expendable endowment on 1 October 1995. It consists of investment properties (including any properties being built) and amounts not yet reinvested that we have received from (or that are owed to us from) selling investment properties.

The Endowment Fund increases if our investment properties rise in value (based on an annual revaluation) and if we record surpluses on disposals. It decreases if properties fall in value and if we record deficits on disposals. If we sell an investment property from the Endowment Fund, we can either use the money to buy other investment properties or transfer it to our Unrestricted Fund, to spend on other charitable aims.

The end-of-year balance was £215,586k (2021: £199,307k). The figure includes unrealised gains arising from the revaluation of investment properties amounting to £140,783k (2021: £124,524k).

Restricted Fund: this represents reserves that are held for specific purposes, such as grant income that must be used to buy specific assets. The end-of year balance was £3k (2021: £11k).

Reserves Policy

The Board of Trustees considers the key measure of sustainability for the Group to be current and future liquidity cover, rather than the surplus or deficit accounting position.

The Trustees have not set a particular policy around holding a set or minimum level of accounting reserves. Instead, they require a minimum of £3m to be held in available cash and £7m available in the form of listed investments. In the event of the Group facing difficult financial circumstances, the Reserves Policy provides for a period of managed adjustment to new circumstances.

Excluding cash held on behalf of tenants in the form of deposits and sinking funds, at the end of 2022 the Foundation held £6,529k in available cash and £12,269k in listed investments (2021: £8,074k available cash and £10,754k in listed investments).

Defined Benefit Pension Scheme

On 1 December 2018 the Foundation became a closed member of the Hertfordshire County Council Pension Fund. The scheme is closed to new entrants and its assets are held separately from those of the Foundation.

The most recent triennial valuation was carried out as at 31 March 2022 using the projected unit method. The scheme's assets were taken into account at their fair value on the valuation date. The valuation, updated to 31st December 2022, revealed an excess of assets compared to liabilities. The excess under FRS 102 at 31 December 2022 was £8,809k (2021: deficit £4,268k).

Investment Policy

Our diverse property portfolio is the primary source of income that supports our charitable expenditure each year on behalf of the Letchworth community. The income comes from our freehold properties, long-leasehold properties and rack-rented properties in the industrial, commercial, retail and residential sectors.

Our Property team manages the estate and proposes estate improvements that aim to maximise value. We base rents on local and regional market information and make realistic allowances for empty properties. We seek rental evidence through internal staff and property consultants. All proposals are option tested, including detailed financial appraisals. Once the Leadership Team is satisfied with the proposals, it discusses them with the Board of Trustees.

We invested a further £2.65m in the Foundation's ethical listed investments, taking holdings to £12,269k. We take care to ensure that listed investments do not have exposure to investments that may be considered ethically sensitive and potentially inconsistent with our mission and objectives.

At the end of 2022, £8,539k was held within Cazenove Capital Management's Responsible Multi-Asset Fund, which aims to provide income and capital growth in line with the Consumer Price Index + 4% per annum over rolling 10-year periods by investing in equities, bonds and alternative assets worldwide. This fund provides an annual income to the Foundation. £3,729k is held within the Ethical Investment Fund for Charities, which is managed by CCLA. This Fund aims for long-term protection from inflation from a portfolio which reflects ethical and responsible investments. All returns from Ethical Investment Fund for Charities are reinvested for capital growth. The ultimate purpose of the CCLA-managed fund is to provide the resources to meet the cessation debt associated with the Hertfordshire County Council Pension Scheme. Performance of both these funds are measured against a benchmark set by reference to an appropriate international index.

We will continue to monitor our approach to all our investments. This is to ensure that the form in which they are held remains appropriate to the economic and investment environment as it changes, including taking account of our obligations to meet rising EPC property letting standards into the future and the other financial and strategic needs of the Foundation.

This report, incorporating the Strategic Report, was approved by the Board of Trustees on 16 May 2023 and signed on its behalf.

G Hawkins

G Hawkins
Chair

INDEPENDENT AUDITOR'S REPORT

to Letchworth Garden City Heritage Foundation

Opinion

We have audited the financial statements of Letchworth Garden City Heritage Foundation (the 'Society') and its subsidiary (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated and Society Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet of the Group and Society, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Society's affairs as at 31 December 2022, and of the Group's income and expenditure and the Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Society in accordance

with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Annual Report, other than the financial statements, and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Society Act 2014 requires use to report to if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Group and Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees for the financial statements

As explained more fully in the Responsibilities of the Board of Trustees statement set out on page 32, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditors-responsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and Society, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Charities SORP 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Trustees and reviewed correspondence and Trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Trustees have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Trustees have in place to prevent and detect fraud. We enquired of the Trustees about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Trustees about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.

- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Society, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers

Chartered Accountants and Statutory Auditor
150 Minories
London
EC3N 1LS

31 May 2023

STATEMENT OF FINANCIAL ACTIVITIES – GROUP

(Including an Income and Expenditure Account)

for the year ended 31 December 2022

	Notes	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	2022 £'000	Restated 2021 £'000
Income from:						
Investments		11,463	–	–	11,463	13,690
Charitable activities		2,064	–	65	2,129	1,918
Total income	3	13,527	–	65	13,592	15,608
Expenditure on:						
Investment property management		5,568	–	–	5,568	6,626
Charitable activities		6,236	–	73	6,309	4,986
Total expenditure	4	11,804	–	73	11,877	11,612
Net income/(expenditure) before gain on investments		1,723	–	(8)	1,715	3,996
Net gain on investments		(1,138)	16,279	–	15,141	16,520
Net income/(expenditure) before taxation		585	16,279	(8)	16,856	20,516
Other recognised gains and losses						
Actuarial (loss)/gain on pension scheme	16	13,244	–	–	13,244	4,940
Net movement in funds		13,829	16,279	(8)	30,100	25,456
Fund balances brought forward at 1 January	17	19,542	199,307	11	218,860	193,404
Fund balances carried forward at 31 December	17	33,371	215,586	3	248,960	218,860

All of the Group's activities relate to continuing operations.

Letchworth Garden City Heritage Foundation is a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, registered number 28211R.

The notes on pages 44 to 80 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 16 May 2023 and were signed on its behalf by:

G Hawkins

G Hawkins
Chair

C Pattison

C Pattison
Vice Chair

Graham Fisher

G Fisher
CEO and Company Secretary

16 May 2023

STATEMENT OF FINANCIAL ACTIVITIES – FOUNDATION

(Including an Income and Expenditure Account)

for the year ended 31 December 2022

	Notes	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	2022 £'000	Restated 2021 £'000
Income from:						
Investments		11,377	–	–	11,377	12,534
Charitable activities		2,064	–	65	2,129	1,918
Total income	3	13,441	–	65	13,506	14,452
Expenditure on:						
Investment property management		5,508	–	–	5,508	5,496
Charitable activities		6,236	–	73	6,309	4,986
Total expenditure	4	11,744	–	73	11,817	10,482
Net income/(expenditure) before gain on investments		1,697	–	(8)	1,689	3,970
Net gain on investments		(1,138)	16,279	–	15,141	17,429
Net income/(expenditure) before taxation		559	16,279	(8)	16,830	21,400
Other recognised gains and losses						
Actuarial (loss)/gain on pension scheme	16	13,244	–	–	13,244	4,940
Net movement in funds		13,803	16,279	(8)	30,074	26,340
Fund balances brought forward at 1 January	17	19,517	199,305	11	218,833	192,493
Fund balances carried forward at 31 December	17	33,320	215,584	3	248,907	218,833

All of the Foundation's activities relate to continuing operations.

Letchworth Garden City Heritage Foundation is a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, registered number 28211R.

The notes on pages 44 to 80 form part of these financial statements.

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G Hawkins

G Hawkins
Chair

C Pattison

C Pattison
Vice Chair

Graham Fisher

G Fisher
CEO and Company Secretary

16 May 2023

BALANCE SHEET

as at 31 December 2022

	Notes	Group		Foundation	
		2022 £'000	Restated 2021 £'000	2022 £'000	Restated 2021 £'000
Fixed Assets					
Tangible assets:					
Investment properties	9	215,179	198,138	215,179	198,138
Operational assets	10	4,725	4,316	4,725	4,316
		219,904	202,454	219,904	202,454
Other investments	11	12,269	10,754	13,384	11,869
		232,173	213,208	233,288	214,323
Current Assets					
Stocks	12	33	25	33	25
Debtors	13	4,975	5,590	5,416	5,788
Loans due within one year	14	–	2	–	2
Loans due after one year	14	136	172	136	172
Cash at bank and in hand		10,242	11,267	8,628	9,909
		15,386	17,056	14,213	15,896
Creditors					
Amounts falling due within one year	15	(7,408)	(7,136)	(7,403)	(7,118)
Net Current Assets		7,978	9,920	6,810	8,778
Total Assets Less Current Liabilities		240,151	223,128	240,098	223,101
Provisions for Liabilities and Charges					
Pension scheme asset (deficit)	16	8,809	(4,268)	8,809	(4,268)
Net Assets		248,960	218,860	248,907	218,833
Capital Funds					
Unrestricted Fund	17	33,371	19,542	33,320	19,517
Endowment Fund	17	215,586	199,307	215,584	199,305
Restricted Fund	17	3	11	3	11
	17	248,960	218,860	248,907	218,833

Letchworth Garden City Heritage Foundation is a registered society under the Co-operative and Community Benefit Societies Act 2014, with charitable status, registered number 28211R.

The notes on pages 44 to 80 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 16 May 2023 and were signed on its behalf by:

G Hawkins

G Hawkins
Chair

C Pattison

C Pattison
Vice Chair

Graham Fisher

G Fisher
CEO and Company Secretary

16 May 2023

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2022

Cash flows from Operating Activities:

Net Cash used in Operating Activities

Cash flows from Investing Activities:

Net income received on investment properties

Dividends received

Interest received

Proceeds from the sale of operational assets

Additions to operational assets

Proceeds from the sale of investment properties

Additions to investment properties

Purchase of listed investments

Repayment of loan finance

Net Cash provided by Investing Activities

Change in cash and cash equivalents in the year

Cash and cash equivalents at the start of the year

Cash and cash equivalents at the end of the year

Notes	2022 £'000	2021 £'000
(a)	(2,985)	(880)
	5,532	6,838
	364	162
	24	2
	—	—
	(715)	(134)
	20	2,048
	(610)	(275)
	(2,653)	(5,000)
	—	(1,500)
	1,960	2,141
	(1,025)	1,261
(b)	11,267	10,006
(b)	10,242	11,267

NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of net income to net cash flow from operating activities

	2022 £'000	2021 £'000
Net income after taxation	16,856	20,516
Gains on investments	(15,141)	(16,428)
Net income received on investment properties	(5,532)	(6,838)
Interest receivable and dividend income	(363)	(226)
Depreciation	483	585
Deficit/(surplus) on disposal of operational assets	–	905
(Increase)/decrease in stocks	(8)	3
(Increase)/decrease in debtors	591	(760)
Net decrease in loans to staff and local organisations	38	31
Increase/(decrease) in creditors	(76)	1,201
Pension Fund movements	167	131
Net Cash used in Operating Activities	(2,985)	(880)

(b) Analysis of cash and cash equivalents

Cash at bank and in hand	10,242	11,267
Total cash and cash equivalents	10,242	11,267

The notes on pages 44 to 80 form part of these financial statements.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

1 Accounting Policies

(a) Basis of preparation

The accounts have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard FRS 102 (FRS 102), 'Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102)' – the Charities SORP (FRS 102) second edition, issued in October 2019. The financial statements are prepared in accordance with the Letchworth Garden City Heritage Foundation Act 1995 and the Co-operative and Community Benefit Societies Act 2014. In addition, the Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group financial statements.

The accounts are prepared on a going concern basis under the historical cost convention modified by the revaluation of investment properties and listed investments. In drawing this conclusion the Board have considered the current and forecast trading environment. Consideration has also been taken account of existing and forecast cash and liquidity for each entity within the Group. The Board have not identified any material uncertainty relating to going concern. The accounting policies have been applied consistently throughout the current and previous accounting period.

Consolidated accounts of the Group incorporate the accounts of Letchworth Garden City Heritage Foundation, ('the Foundation') and its subsidiary undertakings all of which are made up to 31 December 2022. The results of the subsidiary, Letchworth Garden City Trading Limited ('LGCT'), are consolidated on a line-by-line basis.

No separate Cash Flow Statement for the Foundation itself is presented as permitted by disclosure exemptions available in FRS 102.

(b) Fund accounting

Assets and liabilities, and income and expenditure are allocated to the fund to which they relate.

Endowment Fund: represents the funds endowed to the Foundation on 1 October 1995. On that date investment properties were vested to the Foundation to be held as an expendable endowment. The fund increases due to valuation surpluses and decreases where properties fall in value or are impaired. Where an investment property is disposed of, the Trustees have the authority to reinvest the proceeds in further investment properties to maintain the Endowment Fund or to expend them on the charitable objects in which case the proceeds are transferred to the Unrestricted Fund. The Endowment Fund is therefore represented by investment properties and bank balances relating to the proceeds of investment property disposals yet to be reinvested.

Restricted Fund: this fund exists in order to represent grants received by the Foundation for a specific, restricted purpose.

Unrestricted Fund: This represents the statutory reserves of the Foundation, a registered society under the Co-operative and Community Benefit Societies Act 2014 with charitable status, other than those designated as the Endowment Fund and those amounts designated for restricted use, plus the reserves of its wholly owned subsidiary LGCT. The fund is maintained for the day-to-day operating activities of the Foundation in order to meet the objectives of the organisation.

(c) Accounting estimates and judgements

In the preparation of the accounts, accounting estimates and judgements are made that affect the reported amounts of assets and liabilities and of income and expenditure for the reporting period. The following areas are considered to involve the critical judgements and sources of estimation uncertainty when applying the Group's accounting policies.

Investment properties valuations

Properties are annually revalued at fair value. A sample of investment properties, comprising approximately 66% of the portfolio by value, was identified by Letchworth Garden City Heritage Foundation for valuation in 2022. These properties were valued on 31 December 2022 by Bidwells LLP acting as Independent External Valuer in accordance with the RICS Valuation – Global Standards (effective from 31 January 2022) and the UK National Supplement issued by the Royal Institution of Chartered Surveyors and FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. The valuations were carried out by Bidwells employees, all of whom are Members of the RICS and RICS Registered Valuers. Following an assessment the remaining properties (approximately 34% by value) were updated based on valuation movements from a relevant class of assets.

The valuation of the investment property is on the basis of Fair Value as defined in FRS 102 assuming that the property would be sold subject to any existing leases. Property held for development is valued to Fair Value assuming the property would be sold with vacant possession in its existing condition. The opinion of value was primarily derived using comparable recent market transactions on arm's length terms.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

1 Accounting Policies *(continued)*

(c) Accounting estimates and judgements *(continued)*

In reaching the final valuation figures, Bidwells has departed from the RICS Valuation – Professional Standards in that they have not been instructed to inspect all the properties or read all the leases. Bidwells has relied on its previous inspections of the properties and information provided by the Heritage Foundation; the accuracy of the valuation depends on the accuracy of the information provided. For residential properties valued this year, the movements in vacant possession values have been calculated by reference to the Land Registry House Price Index, rather than on the basis of comparable market transactions.

In accordance with the Valuation Standards, Bidwells confirms that it last valued the properties in 2021 and has acted as valuer for Letchworth Garden City Heritage Foundation since September 2005. In relation to the firm's preceding financial year, the total fees paid by Letchworth Garden City Heritage Foundation as a percentage of turnover was less than 5% and it is not anticipated there will be a material increase this year. Bidwells has a policy of rotating personnel undertaking this valuation so that no single valuer values the portfolio for more than seven consecutive years. This rotation is undertaken in accordance with our Management System under ISO 9001:2000.

Pension scheme liability

Estimates of the net pension liability depend on a number of complex judgements relating to the discount rate used, changes in retirement ages and mortality rates. As a closed member of the Hertfordshire County Council scheme, these assumptions are made by the Group in conjunction with the scheme's actuaries, who provide expert advice on the assumptions and the

effect on the pension liability of changes in assumptions. The details are set out in note 16.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 December 2022	Approximate % increase to defined benefit obligation	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	2%	494
1 year increase in member life expectancy	4%	1,020
0.1% increase in the Salary Increase Rate	0%	20
0.1% increase in the Pension Increase Rate (CPI)	2%	481

Provision for doubtful debts

Judgement is required in measuring debtors at their recoverable amounts (the amount expected to be received from a debt). This judgement is made after a detailed review of outstanding balances in conjunction with our managing agent.

As at the date of the Statement of Financial position, a provision has been decided upon following a detailed review of balances and discussions with the Foundation's managing agent.

The provision as at 31 December 2022 constitutes 7% of the annual rent roll.

Support cost allocation

The cost allocation methodology requires a judgement as to what are the most appropriate bases to use to apportion support costs and these are reviewed annually for reasonableness. The bases used are outlined in note 6.

Additions to investment properties

Items that represent development expenditure (as opposed to research) qualify as additions to investment properties. Major works that enhance investment properties are also capitalised when the net present value of the investment is positive. Judgement is required to assess the net present value of enhancements/major works and to classify expenditure between development and research related items.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

1 Accounting Policies *(continued)*

(d) Income

Income is recognised when the Group is entitled to the income, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

The following specific policies apply to categories of income.

Investment income from properties

Primarily rent receivable on investment properties, income is recognised for the period to which it relates when the property is available to let, net of voids. Lease incentives such rent-free or stepped-rent arrangements are spread over the period up to the lease end date. Income from property sales is recognised on legal completion.

Investment income dividends

Arising on the Cazenove Responsible Multi-Asset Fund, dividends are received in arrears but are recognised for the period to which they relate.

Income from charitable activities

Admissions income for venues is recognised for the day of the admission, with advance ticket sales taken to deferred income and released to income to match the date of attendance. Annual passes are held in the balance sheet as deferred income and released to income to match the period for which they are valid. Income from café sales and souvenir sales is recognised on sale. Ballroom lettings income is recognised in the period when the letting occurs. Where applicable, income is recognised net of VAT.

Grant income

Income from government grants, including Job Retention Scheme (Furlough) grants, is credited to income when received or receivable, whichever is earlier, unless the grant relates to a specific future period. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

(e) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is inclusive of irrecoverable VAT where applicable.

Expenditure is allocated to the particular activity to which the costs relates and classified into the following categories.

Expenditure on investment management

Costs incurred in managing the investment property portfolio including repairs and maintenance costs, property void costs, leasehold property rents, professional and advisory fees, and provision for property-related income considered irrecoverable.

Expenditure on charitable activities

Includes the costs of running each of the charitable services directly managed by the Foundation in the furtherance of its charitable objectives. It also includes grants payable which are made to third parties and are recognised once the Board has agreed to the grant without condition.

Support costs

The Foundation operates a number of centralised functions that support all of its activities and these costs are categorised as Support Costs. These are allocated across the two primary expenditure categories above, in line with Charities SORP (FRS 102) requirements as set out in note 6.

Governance costs

Costs associated with constitutional and statutory requirements and the strategic management of the Group's activities. They include the costs of company secretarial, internal audit, external audit and statutory accounts preparation as shown in note 4.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

1 Accounting Policies *(continued)*

(f) Investment properties

Investment properties include interests in land and buildings in respect of which construction work and development have been completed and which is held for its investment potential, any rental income being negotiated at arms length. Properties under construction are transferred to investment properties on completion. These are held for long-term investment and are stated in the balance sheet at their fair value at the balance sheet date. Other properties classified as operational properties are held at the lower of cost and net realisable value as permitted by FRS 102.

Items that represent development expenditure (as opposed to research) qualify as additions to investment properties. Major works that enhance investment properties are only capitalised when the net present value of the investment is positive, typically involving an assessment of the incremental rental income against the initial investment. Routine maintenance costs are expensed through the SOFA in the year in which they occurred. Changes in the market value of investment properties and gains/losses arising on disposal are taken to the SOFA as a separate line item before arriving at 'net income'. The cumulative unrealised gains are disclosed in the notes to the accounts.

Any disposals that include contingent consideration are only recognised when it is considered probable that such proceeds will be received and this is reassessed at each accounting period end until the development is complete. Such consideration is included at the best estimate at the balance sheet date and included within 'net gain on investments' for the period and other debtors in the balance sheet.

(g) Depreciation of tangible fixed assets

Depreciation is not provided in respect of land and investment properties other than leasehold properties with less than 25 years to run. Heavy farm equipment is depreciated at 20% per annum using the reducing balance method. The cost of other tangible fixed assets is written off by equal annual instalments over their useful life as follows:

Operational buildings – structure	50 years
Operational buildings – components	20 to 25 years
Venue redevelopment: provision of theatre facility	10 years
Short leasehold properties	Remaining length of lease
Plant, vehicles, machinery and equipment	3 to 10 years
Leased equipment	Life of the lease or asset category

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where assets are no longer intended for use on a continuing basis in the operation's activities, they are transferred to current assets, and classified as assets held for resale within stock.

(h) Impairment

The Group considers whether indicators of impairment exist in relation to tangible assets. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Group also considers expected future performance of the asset. Any impairment loss is charged to the Statement of Financial Activities.

(i) Financial Investments

Investments are initially recorded at cost. The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Investments held in subsidiary companies are reflected at the par value of the shares. Investments held in stocks and shares are valued at market value at the financial year end. The net gains and losses arising from revaluations and disposals during the year are included within 'net gain on investments' in the Statement of Financial Activities (SOFA).

(j) Stocks

Retail stocks are included at the lower of cost and net realisable value with due allowance made for all obsolete and slow moving items. Cost of materials is based on the cost of purchase on an average costing basis. Net realisable value is the estimated selling price less costs to complete and sell.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

1 Accounting Policies *(continued)*

(k) Financial instruments

The Group only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Financial instruments held by the Group are classified as follows:

- Cash is held at cost
- Financial assets such as tenant arrears are reported within trade debtors falling due within one year. The balance of debt due to the Foundation is reported after allowing for doubtful debts.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Foundation's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(m) Leases

Tangible fixed assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Foundation are identified as a specific class of asset. Such assets are subject to depreciation over the shorter of the lease term and the estimated useful life of the assets. The finance charges are charged to the SOFA over the periods of the agreements and represent a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to the SOFA on a straight line basis over the term of the lease.

(n) Defined benefit pension scheme

The Foundation is a closed member of the Hertfordshire Local Government Pension Scheme, which provides benefits based on pensionable earnings near retirement. The amounts charged in expenditure are the costs arising from employees' services rendered during the period and the cost of benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the SOFA in accordance with the requirements of FRS 102. Remeasurements comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in 'actuarial gain/loss on pension scheme'.

The defined benefit scheme is funded with the assets of the scheme held separately from those of the Group in the separate trustee-administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet.

(o) Taxation

Letchworth Garden City Heritage Foundation is a charity within the meaning of Paragraph 1 Schedule 6 Finance Act 2010. Accordingly the Foundation is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The subsidiary Letchworth Garden City Trading Limited makes qualifying donations of all taxable profit to Letchworth Garden City Heritage Foundation.

In view of the nature of the VAT Partial Exemption special method agreed with HMRC, the Foundation incurs irrecoverable VAT which is charged to the SOFA when the expenditure to which it relates is incurred. The unrecoverable VAT is allocated to the expenditure to which it relates.

(p) Gift Aid

Letchworth Garden City Trading Limited has a deed of covenant for the payment of gift aid to Letchworth Garden City Heritage Foundation. The permissible taxable profit of Letchworth Garden City Trading Limited is paid to the Foundation (parent) each year as Gift Aid.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

2 Trading Results of Subsidiaries

The Foundation has one wholly owned trading subsidiary, Letchworth Garden City Trading Limited (company number 03530307) which is incorporated in England and Wales and provides telephony and land development services. Where appropriate, the trading subsidiary makes qualifying charitable donations to the Foundation.

On 19 August 2021, Letchworth Cottages and Buildings Limited (LCB) completed a Transfer of Engagements into Letchworth Garden City Heritage Foundation. The transfer was completed in accordance with Section 110 of the Cooperative and Community Benefit Societies Act 2014 and on this date the assets, liabilities, operations and future obligations of Letchworth Cottages and Buildings Limited transferred to Letchworth Garden City Heritage Foundation.

A summary of the results and net assets of the subsidiary is reported below:

	Letchworth Garden City Trading Ltd	
	2022 £'000	2021 £'000
Turnover	485	3,289
Profit/(loss) before qualifying charitable donation and tax	413	2,143
Qualifying charitable donation	(387)	(2,117)
Net income/(expenditure)	26	26
Gross assets	1,615	1,501
Gross liabilities	(448)	(360)
Net assets	1,167	1,141

Letchworth Garden City Trading Limited has no recognised gains or losses other than the surplus before tax.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

3 Analysis of Income

Group

Investment income:

Income from investment properties
Sale of land and buildings
Dividends
Bank interest

Unrestricted £'000	Restricted £'000	2022 Total £'000	2021 Total £'000
10,638	–	10,638	10,214
462	–	462	3,250
339	–	339	224
24	–	24	2
11,463	–	11,463	13,690

Income from charitable activities:

Cinema income
Educational farm income
Other charitable income

Unrestricted £'000	Restricted £'000	2022 Total £'000	2021 Total £'000
1,168	–	1,168	851
789	–	789	616
107	65	172	451
2,064	65	2,129	1,918
13,527	65	13,592	15,608

Total Income – Group

Grants of £157k was receivable for the year (2021: £587k) and is included within charitable income in the unrestricted fund.

Grants in 2022 comprised; £79k (2021: £219k) for other Cinema and Cultural Grants and £64k (2021: £52k) from Natural England for environmental improvements, £0k (2021: £143k) for the Government's Job Retention Scheme, £8k (2021: £37k) for the Government's Kickstart scheme and £6k (2021: £136k) for North Herts District Council Leisure Grants.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

3 Analysis of Income *(continued)*

Foundation

Investment income:

Income from investment properties
Sale of land and buildings
Dividends
Bank interest

Unrestricted £'000	Restricted £'000	2022 Total £'000	2021 Total £'000
11,018	–	11,018	12,308
–	–	–	–
339	–	339	224
20	–	20	2
11,377	–	11,377	12,534

Income from charitable activities:

Cinema income
Educational farm income
Other charitable income

Unrestricted £'000	Restricted £'000	2022 Total £'000	2021 Total £'000
1,168	–	1,168	851
789	–	789	616
107	65	172	451
2,064	65	2,129	1,918
13,441	65	13,506	14,452

Total Income – Foundation

Grants of £157k was receivable for the year (2021: £587k) and is included within charitable income in the unrestricted fund.

Grants in 2022 comprised; £79k (2021: £219k) for other Cinema and Cultural Grants and £64k (2021: £52k) from Natural England for environmental improvements, £0k (2021: £143k) for the Government's Job Retention Scheme, £8k (2021: £37k) for the Government's Kickstart scheme and £6k (2021: £136k) for North Herts District Council Leisure Grants.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

4 Analysis of Expenditure

Group

Expenditure on investment property management:

Property and related costs

Cost of sales – land and buildings

Direct costs £'000	Support costs £'000	2022 £'000	2021 £'000
4,097	1,474	5,571	5,573
(3)	–	(3)	1,053
4,094	1,474	5,568	6,626

Foundation

Expenditure on investment property management:

Property and related costs

Cost of sales – land and buildings

Direct costs £'000	Support costs £'000	2022 £'000	2021 £'000
4,037	1,474	5,511	4,443
(3)	–	(3)	1,053
4,034	1,474	5,508	5,496

Group and Foundation

Expenditure on charitable activities:

Provision of cinema and cultural events

Provision of studio and gallery

Provision of educational farm

Provision of heritage collection, exhibitions and Institute

Provision of heritage advice

Provision of environmental improvements and town support

Provision of treatment centre

Provision of minibus service

Provision of community information

Miscellaneous charitable expenditure

Grants payable

Support costs

2022 £'000	2021 £'000
1,669	1,297
191	219
859	669
230	290
306	284
344	194
–	25
35	(7)
–	20
268	284
486	414
1,921	1,297
6,309	4,986

Miscellaneous charitable expenditure includes various town centre support and the provision of ballroom services.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

4 Analysis of Expenditure *(continued)*

Group and Foundation

Analysis of governance costs:

Legal and company secretarial
Internal audit
Publication of Foundation's annual report and accounts
External audit for the Group
Other governance costs

2022 £'000	2021 £'000
6	2
26	20
2	2
38	38
66	57
138	119

Group and Foundation

Net Income for the year is stated after charging:

External auditors' remuneration and expenses:
Audit of the Group financial statements
Tax compliance

2022 £'000	2021 £'000
38	38
2	2
40	40

Depreciation of tangible fixed assets – owned assets
Operating lease rentals – land and buildings

483	585
91	91

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

5 Grants Payable

Group and Foundation

The commitments made in the period comprise:

Institutional grants:

Grants of £1,000 or more: 43 (2021: 37)

Smaller grants

Total institutional grants

Total commitments made in the year

Grants cancelled or recovered

Total grants payable

Reconciliation of grants payable:

Commitments at 1 January

Total grants payable

Grants payable

Grants paid during the year

Commitments at 31 December

2022 £	2021 £
465,983	461,544
24,312	2,005
490,295	463,549
490,295	463,549
(4,044)	(49,933)
486,251	413,616
160,090	62,024
486,251	413,616
646,341	475,640
(542,606)	(315,550)
103,735	160,090

Commitments at 31 December 2022 and 31 December 2021 are payable within one year and included in creditors (note 15).

Grant applications are considered by the Grants Committee by reference to the objects of the charity. Each application is supported by a detailed application form setting out details of how the funds will be used and the planned benefits so that the committee can evaluate each case.

Of the total awarded grants in the year, £4,044 were not taken up or subsequently cancelled (2021: £49,933).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

5 Grants Payable *(continued)*

Grants awarded of £1,000 or more:

Object

- (i) Preservation of buildings and other environmental features
- (ii) Assisting in the provision of facilities for recreation
- (iii) Advancement of education and learning
- (iv) Relief of poverty and sickness
- (v) Supporting Garden City charitable organisations
- (vi) Supporting other charitable purposes

2022		2021	
Number	Total value of grants (£)	Number	Total value of grants (£)
–	–	–	–
5	36,978	4	36,000
14	213,174	18	255,254
24	215,831	15	170,290
–	–	–	–
–	–	–	–
43	465,983	37	461,544

(ii) Assisting in the provision of facilities for recreation

- Grange Community Centre
- Friends of Norton Common
- Letchworth Corner Sports Club
- Letchworth Garden City Eagles
- Whitethorn Lane Sports Club
- Letchworth Romanians Association
- Letchworth Festival
- Letchworth Garden City Bowls Club
- Eastcheap CiC

–	–	1	15,000
–	–	1	1,000
–	–	1	15,000
–	–	1	5,000
1	15,000	–	–
1	2,000	–	–
1	6,938	–	–
1	4,000	–	–
1	9,040	–	–
5	36,978	4	36,000

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

5 Grants Payable *(continued)*

	2022		2021	
	Number	Total value of grants (£)	Number	Total value of grants (£)
(iii) Advancement of education and learning				
Apna Punjabi School	–	–	1	11,500
Letchworth Swimming Club	–	–	1	2,678
Wispa	–	–	1	2,000
Young Arcadians	–	–	1	3,000
Salvation Army	–	–	1	4,719
Angels Support Group	–	–	1	6,008
First Garden Cities Homes	–	–	1	15,100
Herts Young Homeless	–	–	2	26,583
Home-Start Hertfordshire	–	–	2	16,300
Made with Clay	–	–	1	3,264
Letchworth Civic Trust	–	–	1	15,000
Herts Disability Sports Foundation	1	11,158	2	9,102
Letchworth Family Support Team	2	90,000	2	90,000
Barnardo's	1	75,000	1	50,000
Read Easy	1	1,500	–	–
Mediation Hertfordshire	1	5,000	–	–
Letchworth Educational Settlement	1	7,000	–	–
Eastcheap CiC	1	1,500	–	–
Hong Kong Connect	1	5,000	–	–
North Hertfordshire African Caribbean Community	1	9,000	–	–
Singing Cactus	1	2,176	–	–
Baldock District Canoe Club	1	2,000	–	–
Early Birds Pre-School	1	2,511	–	–
Wilbury & Icknield School Parent Association	1	1,329	–	–
	14	213,174	18	255,254

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

5 Grants Payable *(continued)*

(iv) Relief of poverty and sickness

	2022		2021	
	Number	Total value of grants (£)	Number	Total value of grants (£)
MS Therapy Centre	–	–	2	8,000
Let's Make Lunch	–	–	1	2,000
Red Kite	–	–	1	2,000
Open Art Box CiC	–	–	1	6,480
Growing People	–	–	1	10,000
Kings Community Church	1	3,400	1	2,250
First Garden Cities Homes	2	6,000	2	5,000
Barnardo's	1	1,000	1	1,000
Letchworth Foodbank	2	21,000	2	28,560
Citizens Advice North Hertfordshire	2	100,000	2	100,000
Settle	2	7,000	1	5,000
Letchworth Baptist Church	1	5,589	–	–
Resolve	2	15,000	–	–
Child Contact Centre	1	3,250	–	–
Stevenage FC	1	1,680	–	–
Letchworth Centre for Healthy Living	1	10,074	–	–
Letchworth Garden Shed	1	25,900	–	–
Baldock and Ashwell Action Aid Ukraine	1	2,550	–	–
Kings Community Church	1	2,500	–	–
St Pauls Church	1	1,000	–	–
Norton Greencare	1	2,905	–	–
Methodist Church Letchworth GC	1	1,000	–	–
Create Community	1	2,983	–	–
Made with Clay	1	3,000	–	–
	24	215,831	15	170,290

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

6 Support Costs

	Investment management £'000	Charitable activities £'000	2022 Total £'000	2021 Total £'000
Communications & Marketing	52	208	260	285
Finance	255	243	498	486
Strategic Planning	47	45	92	78
Executive	409	390	799	749
Human Resources	145	549	694	159
Information Technology	278	265	543	508
Support Centre	240	132	372	243
Governance	48	89	137	108
Total for year ended 31 December 2022	1,474	1,921	3,395	2,616

The support costs of the Foundation consisted of the eight cost elements listed in the table. These costs are allocated to the activity cost categories on a basis consistent with the use of resources as follows:

Communications & Marketing and Governance	Percentage of time spent
Finance, Strategic Planning, Executive and Information Technology	Work done
Human Resources and Support Centre	Headcount

Support Centre costs are those costs incurred in running the Foundation's Support Centre building.

7 Taxation

The Foundation is exempt from corporation tax in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Letchworth Garden City Trading Limited makes qualifying donations of all taxable profit to Letchworth Garden City Heritage Foundation.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

8 Staff costs

Group and Foundation

Staff costs for the Group during the year amounted to:

Wages and salaries

Social security costs

Other pension costs

Agency staff costs

Redundancy costs

2022 £'000	2021 £'000
2,807	2,337
290	225
804	446
114	136
–	–
4,015	3,144

The monthly average number of employees of the Group during the year, calculated on a full-time equivalent basis, is analysed as follows:

Charitable activities

Property management and maintenance

Administration and support

2022 Number	2021 Number
46	40
12	10
18	18
76	68

The average head count (number of staff employed) during 2022 was 111 (2021: 108).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

8 Staff costs *(continued)*

The number of employees whose emoluments (including benefits in kind but excluding employer pension contributions) amounted to over £60,000 in the year/period was as follows:

£60,001 – £70,000
 £70,001 – £80,000
 £80,001 – £90,000
 £90,001 – £100,000
 £100,001 – £110,000
 £110,001 – £120,000
 £120,001 – £130,000
 £130,001 – £140,000
 £140,001 – £150,000
 £150,000+

2022 Number	2021 Number
–	1
1	–
–	2
1	–
1	1
–	–
1	1
1	–
–	1
1	–
6	6

In 2022, employer contributions of £172k (2021: £158k) were made to pension schemes in respect of the above employees.

Key management personnel

During 2022 the Leadership Team comprised the Chief Executive Officer, Executive Director of Finance, Executive Director of Property, Executive Director of Stewardship and Development and Executive Director of Communities, Culture and Heritage. Total employee costs (including employer national insurance, pension contributions and benefits in kind) for key management personnel during the year totalled £840k (2021: £747k).

Board of Trustees

Members of the Board of Trustees, who are the Trustees of the charity, neither received nor waived any emoluments during the year (2021: £nil).

No Trustees claimed expenses for travel and subsistence, or had costs met directly by the Foundation in 2022 (2021: nil).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

9 Tangible Assets — Investment Properties

Group and Foundation

At 31 December 2021 – at valuation

Additions

Revaluation

Net book value:

At 31 December 2022

At 31 December 2021

Freehold property £'000	Long leasehold property £'000	Total £'000
186,933	11,205	198,138
782	–	782
16,444	(185)	16,259
204,159	11,020	215,179
186,933	11,205	198,138

Investment properties were valued at 31 December 2022 by Bidwells LLP, professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. The valuations have been undertaken on the basis of Fair Value.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

10 Tangible Assets — Operational Assets

Group and Foundation

Cost:

At 31 December 2021

Additions

Transfers

Disposals

At 31 December 2022

Depreciation:

At 31 December 2021

Charge for the year

Transfers

Disposals

At 31 December 2022

Net book value:

At 31 December 2022

At 31 December 2021

	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost:			
At 31 December 2021	5,077	4,039	9,116
Additions	242	650	892
Transfers	—	—	—
Disposals	—	(107)	(107)
At 31 December 2022	5,319	4,582	9,901
Depreciation:			
At 31 December 2021	1,381	3,419	4,800
Charge for the year	286	189	475
Transfers	—	—	—
Disposals	—	(99)	(99)
At 31 December 2022	1,667	3,509	5,176
Net book value:			
At 31 December 2022	3,652	1,073	4,725
At 31 December 2021	3,696	620	4,316

The category 'plant and equipment' comprises plant, equipment, machinery, vehicles and furniture.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

11 Other Investments

Listed investments – Group and Foundation

	2022 £'000	2021 £'000
Market value at 1 January	10,754	5,106
Additions/(Disposals)	2,653	5,000
Surplus/(deficit) on disposal	–	–
Surplus / (deficit) on revaluation	(1,138)	648
Unit trust equalisation	–	–
Market value at 31 December	12,269	10,754
Historical cost at 31 December	12,354	9,701

The investments comprise 15,066,269 units held in Cazenove Capital Management's Responsible Multi-Asset Fund (31 December 2021 – 12,796,722 units) and 831,480 units in the CCLA-managed Ethical Investment Fund for Charities (31 December 2021 – 635,342).

Shares held by the Foundation in subsidiary undertakings

	2022 £'000	2021 £'000
Cost and net book value:		
At 1 January	1,115	1,115
Shares redeemed	–	–
Shares acquired	–	–
At 31 December	1,115	1,115

Details of the principal investments in which the Foundation holds more than 10% of the nominal value in any class of share capital are as follows:

Subsidiary undertakings

	Holding	Proportion of shares held	Voting rights	Nature of business
Letchworth Garden City Trading Limited	Ordinary shares	100%	100%	Land development and telephony services

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

12 Stocks

	Group		Foundation	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Retail stocks	33	25	33	25

13 Debtors

	Group		Foundation	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	2,151	2,867	2,151	2,726
Amounts owed by subsidiary undertakings	—	—	442	341
Deposits with Herts County Council	500	500	500	500
Other debtors	433	362	433	362
Prepayments and accrued income	1,892	1,861	1,892	1,859
	4,976	5,590	5,418	5,788

Amounts deposited with Herts County Council relate to the Street Scene development and are repayable between 2023 and 2031.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

14 Loans

	Group		Foundation	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Due within one year:				
Loans to individuals and local organisations	–	2	–	2
	–	2	–	2
Due after one year:				
Loans to staff	17	17	17	17
Loans relating to leasehold enfranchisement	119	155	119	155
	136	172	136	172

The loans relating to leasehold enfranchisement were granted in accordance with a scheme to assist qualifying residential lessees to acquire the freehold interest in their property. The amounts outstanding include accrued interest and are secured by mortgage on the freehold interest concerned.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

15 Creditors

Amounts falling due within one year:

Trade creditors

Taxes and social security

Other creditors

Accruals and deferred income

Grants payable

Group		Foundation	
2022 £'000	2021 £'000	2022 £'000	2021 £'000
1,058	548	1,058	548
149	299	149	299
1,264	1,527	1,264	1,527
4,833	4,602	4,828	4,584
104	160	104	160
7,408	7,136	7,403	7,118

Deferred Income

Deferred income balances reflect income received during the accounting period for which the Group has not supplied the service as at the end of the period and therefore cannot be recognised as income in the year.

Deferred income at the start of the year

Net transferred from/(to) the SOFA

Deferred income at the end of the year

Group		Foundation	
2022 £'000	2021 £'000	2022 £'000	2021 £'000
1,802	1,746	1,802	1,746
(227)	56	(227)	56
1,575	1,802	1,575	1,802

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

16 Defined Benefit Pension – Group and Foundation

The Foundation is a closed member of the Small Admitted Bodies pool of the Hertfordshire County Council Pension Fund. From 1 December 2018, the scheme has been closed to new entrants. This scheme provides benefits based on pensionable earnings near retirement. The assets of the scheme are held separately from those of the Foundation. The pension cost for the scheme is determined by a qualified actuary on the basis of periodical valuations. The cost is charged to the Consolidated Statement of Financial Activities.

The full valuation of the scheme was undertaken as at 31 March 2022 and updated by a qualified independent actuary to 31 December 2022 on a basis appropriate to FRS 102.

The Foundation's contributions to the scheme is currently 28.15% of pensionable pay. Estimated employer contributions for the year ending 31 December 2023 are £648k.

The major assumptions used by the actuary for the FRS 102 calculations were:

	2022 %	2021 %
Pension increase rate	3.05	2.90
Salary increase rate	3.45	3.30
Discount rate (used to discount scheme liabilities)	4.75	1.90

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Current pensioners		Future pensioners	
	2022 Years	2021 Years	2022 Years	2021 Years
Males	21.9	22.1	22.9	23.2
Females	24.4	24.5	26.0	26.2

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

16 Defined Benefit Pension – Group and Foundation *(continued)*

The assets of the whole of the Hertfordshire County Council Pension Fund are invested with a number of fund managers.

The fair value of the assets held by the Hertfordshire County Council Pension Fund in respect of the Foundation:

	2022 £'000	Restated 2021 £'000
Equities	16,817	20,930
Bonds	7,894	10,662
Property	5,491	5,134
Cash	4,119	2,764
Total fair value of assets	34,321	39,490

The amounts recognised in the balance sheet as at 31 December 2022 and 31 December 2021:

	2022 £'000	Restated 2021 £'000
Fair value of scheme assets	34,321	39,490
Present value of scheme liabilities	(25,512)	(43,758)
Net surplus/(deficit) in the scheme	8,809	(4,268)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

16 Defined Benefit Pension – Group and Foundation *(continued)*

Reconciliation of opening and closing balances of the scheme assets and liabilities:

	Fair value of scheme assets £'000	Present value of scheme liabilities £'000	Scheme assets less scheme liabilities £'000
Scheme assets/(liabilities) at the start of the year – restated	39,490	(43,758)	(4,268)
Current service cost	–	(724)	(724)
Interest income/(cost)	748	(830)	(82)
Actuarial gains/(losses)	(5,768)	19,009	13,241
Contributions paid by the Foundation	642	–	642
Contributions paid by employees	109	(109)	–
Benefits paid	(900)	900	–
Scheme assets/(liabilities) at the end of the year	34,321	(25,512)	8,809

The amounts recognised in net income for the year to 31 December 2022 and year to 31 December 2021:

	2022 £'000	Restated 2021 £'000
Current service cost	719	750
Losses on curtailments	5	5
Net interest cost	82	118
	806	873

The actual return on scheme assets for the year to 31 December 2022 and 31 December 2021:

	2022 £'000	Restated 2021 £'000
Interest income on scheme assets	748	472
Actuarial gains (losses) on scheme assets	(5,768)	2,742
Actual return on scheme assets	(5,020)	3,214

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

16 Defined Benefit Pension – Group and Foundation *(continued)*

The amounts recognised as other recognised gains and losses in the SOFA for the year to 31 December 2022 and 31 December 2021:

	2022 £'000	Restated 2021 £'000
Actuarial gains on scheme assets	(5,768)	2,742
Changes in assumptions underlying present value of scheme liabilities	19,012	2,198
Actuarial gains/(losses) recognised in statement of recognised gains and losses	13,244	4,940

Cumulative amount of actuarial gains and losses recognised in the SOFA for the year to 31 December 2022 and 31 December 2021:

	2022 £'000	Restated 2021 £'000
Cumulative actuarial loss at start of the year	(6,299)	(11,239)
Recognised gain/(loss) during the year	13,244	4,940
Cumulative actuarial loss at end of the year	6,945	(6,299)

History of asset values, present value of liabilities and deficit in the scheme:

	2022 £'000	Restated 2021 £'000	2020 £'000	2019 £'000	2018 £'000
Fair value of scheme assets	34,321	39,490	36,321	31,136	27,684
Present value of scheme liabilities	(25,512)	(43,758)	(45,398)	(34,431)	(30,323)
Surplus/(deficit) in the scheme	8,809	(4,268)	(9,077)	(3,295)	(2,639)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

17 Funds

Group

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
At 1 January 2022 – restated	19,542	199,307	11	218,860
Retained surplus/(deficit) for the year	1,723	–	(8)	1,715
Surplus (deficit) on revaluation and disposal	(1,138)	16,279	–	15,141
Transfers between funds	–	–	–	–
Actuarial gain on pension scheme	13,244	–	–	13,244
Balance at 31 December 2022	33,371	215,586	3	248,960

Foundation

At 1 January 2022 – restated	19,517	199,305	11	218,833
Retained surplus/(deficit) for the year	1,697	–	(8)	1,689
Surplus on revaluation and disposal	(1,138)	16,279	–	15,141
Transfers between funds	–	–	–	–
Actuarial gain on pension scheme	13,244	–	–	13,244
Balance at 31 December 2022	33,320	215,584	3	248,907

On appointment, Governors are required to subscribe for a £1 Ordinary Share in the Foundation which is forfeited on their retirement and the subscription is taken to income. At 31 December 2022 there were 26 (31 December 2021: 30) shares in issue.

The Restricted Fund relates to grant received for the purpose of re-opening cultural assets including the Broadway Studio and Gallery and the Garden City Collection Museum through a new exhibition programme, the creation of a new cultural programme and the piloting of new activities to engage groups disproportionately affected by COVID-19.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

18 Analysis Of Group Net Assets Between Funds

Fund balances at 31 December 2022 are represented by:

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
Investment properties	475	214,704	–	215,179
Operational properties	4,725	–	–	4,725
Other investments	12,269	–	–	12,269
Pension scheme surplus (deficit)	8,809	–	–	8,809
	26,278	214,704	–	240,982
Net current assets	7,093	882	3	7,978
	33,371	215,586	3	248,960

The above figures include unrealised gains on investment properties as follows:

Unrealised gains at 31 December 2021	354	124,524	–	124,878
Surplus (deficit) on revaluation	–	16,259	–	16,259
Realised on disposals	–	–	–	–
Unrealised gains at 31 December 2022	354	140,783	–	141,137

The above figures include unrealised gains on other investments as follows:

Unrealised gains at 31 December 2021	1,059	–	–	1,059
Realised on disposal	–	–	–	–
Surplus (deficit) on revaluation	(1,138)	–	–	(1,138)
Unrealised gains at 31 December 2022	(79)	–	–	(79)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

18 Analysis Of Group Net Assets Between Funds *(continued)*

The prior year (2021) comparatives of the Group Net Assets Between Funds are provided below.

	Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 December 2021 are represented by:				
Investment properties	475	197,663	–	198,138
Operational properties	4,316	–	–	4,316
Other investments	10,754	–	–	10,754
Pension scheme deficit – restated	(4,268)	–	–	(4,268)
	11,277	197,663	–	208,940
Net current assets	8,265	1,644	11	9,920
	19,542	199,307	11	218,860

The above figures include unrealised gains on investment properties as follows:

Unrealised gains at 31 December 2020	409	109,609	–	110,018
Surplus on revaluation	(55)	16,654	–	16,599
Realised on disposals	–	(1,739)	–	(1,739)
Unrealised gains at 31 December 2021	354	124,524	–	124,878

The above figures include unrealised gains on other investments as follows:

Unrealised gains at 31 December 2020	411	–	–	411
Realised on disposal	–	–	–	–
Surplus (deficit) on revaluation	648	–	–	648
Unrealised gains at 31 December 2021	1,059	–	–	1,059

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

19 Financial Commitments

Authorised capital expenditure not provided for in these accounts for which contracts have been placed is as follows:

Erection, purchase and redevelopment of premises

Group and Foundation	
2022 £'000	2021 £'000
379	21

The total future minimum lease payments under non-cancellable operating leases for each of the following periods.

Payments due:

Not later than one year

Later than one year and not later than five years

Later than five years

Group and Foundation	
2022 £'000	2021 £'000
91	91
364	364
31,989	32,080
32,444	32,535

Total future rental income commitments from leases with tenants at the year end for each of the following periods.

Receipts due:

Not later than one year

Later than one year and not later than five years

Later than five years

Group and Foundation	
2022 £'000	2021 £'000
7,495	6,983
18,605	17,772
453,509	530,663
479,609	555,418

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

20 Related Parties

Bidwells LLP provide valuation has acted as valuer for Letchworth Garden City Heritage Foundation since September 2005. Bidwells has a policy of rotating personnel undertaking this valuation so that no single valuer values the portfolio for more than seven consecutive years. This rotation is undertaken in accordance with our Management System under ISO 9001:2000.

Since May 2022, Chris Pattison, Vice Chair of the Board of Trustees of The Foundation has become an Equity Partner of Bidwells LLP following its acquisition of Turnberry Planning. Chris Pattison is not involved in procurement of the valuation and Bidwells confirms that he is not involved in providing professional services to The Foundation. He is in a separate division and a different office from anybody providing professional services to The Foundation.

Interests in grants awarded

The following Trustees and Governors held positions in organisations, or where marked #, held an indirect interest in grants made by the Foundation:

Organisation	Position held	Name	No.	2022 Total value of grants (£)	No.	2021 Total value of grants (£)
Letchworth Civic Trust	Trustee	Kevin Jones	–	–	1	15,000
Letchworth Education Settlement	Examiner	Roger McIntyre-Brown	1	7,000	–	–
Barnardo's	Resident of Jackmans	Gary Mallet #	1	75,000	1	50,000
Baldock and Ashwell Action Aid Ukraine	Volunteer	Robert Riggall #	1	2,250	–	–
St Pauls Church	Volunteer	Judith Nash #	1	1,000	–	–

2022 Intercompany Transactions

- The Foundation provided management services to Letchworth Garden City Trading for a total fee of £40,000 (2021: £60,000).
- Letchworth Garden City Trading supplied services to the Foundation totalling £16,206 (2021: £16,468).
- At the balance sheet date, the Foundation held intercompany debtor balances of £442,308 with LGCT (2021: £341,367).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

21 Consolidated Statement Of Financial Activities

for the 12 months ended 31 December 2021 *(Including an Income and Expenditure Account)*

As required by the Charities SORP (FRS 102), the SOFA comparatives are split by funds:

Group	Restated Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Restated 2021 £'000
Income from:				
Investments	13,690	–	–	13,690
Charitable activities	1,699	–	219	1,918
Total income	15,389	–	219	15,608
Expenditure on:				
Investment property management	6,626	–	–	6,626
Charitable activities	4,767	–	219	4,986
Total expenditure	11,393	–	219	11,612
Net income/(expenditure) before gains on investments	3,996	–	–	3,996
Net gain on investments	684	15,836	–	16,520
Net income/(expenditure) before taxation	4,680	15,836	–	20,516
Transfers Between Funds	(11)	–	11	–
Other recognised gains and losses				
Actuarial gain on pension scheme	4,940	–	–	4,940
Net movement in funds	9,609	15,836	11	25,456
Fund balances brought forward at 1 January 2021	9,933	183,471	–	193,404
Fund balances carried forward at 31 December 2021	19,542	199,307	11	218,860

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

21 Consolidated Statement Of Financial Activities *(continued)*

for the 12 months ended 31 December 2021

As required by the Charities SORP (FRS 102), the SOFA comparatives are split by funds:

Foundation	Restated Unrestricted Funds £'000	Endowment Funds £'000	Restricted Funds £'000	Restated 2021 £'000
Income from:				
Investments	12,534	–	–	12,534
Charitable activities	1,699	–	219	1,918
Total income	14,233	–	219	14,452
Expenditure on:				
Investment property management	5,496	–	–	5,496
Charitable activities	4,767	–	219	4,986
Total expenditure	10,263	–	219	10,482
Net income/(expenditure) before gains on investments	3,970	–	–	3,970
Net gain on investments	594	16,836	–	17,430
Net income/(expenditure) before taxation	4,564	16,836	–	21,400
Transfers Between Funds	(11)	–	11	–
Other recognised gains and losses				
Actuarial gain on pension scheme	4,940	–	–	4,940
Net movement in funds	9,493	16,836	11	26,340
Fund balances brought forward at 1 January 2021	10,024	182,469	–	192,493
Fund balances carried forward at 31 December 2021	19,517	199,305	11	218,833

NOTES TO THE ACCOUNTS

for the year ended 31 December 2022

22 Net debt reconciliation

Cash at bank and in hand
Bank loans

Net debt

	Group		
	1 January 2022 £'000	Cash flows £'000	31 December 2022 £'000
Cash at bank and in hand	11,267	(1,025)	10,242
Bank loans	–	–	–
Net debt	11,267	(1,025)	10,242

Cash at bank and in hand
Loans

Net debt

	Foundation		
	1 January 2022 £'000	Cash flows £'000	31 December 2022 £'000
Cash at bank and in hand	9,909	(1,281)	8,628
Loans	–	–	–
Net debt	9,909	(1,281)	8,628

23 Prior Year Restatement

In February 2023 the Foundation received notification of a correction to the 2021 (prior year) pension valuation. This updated information was supplied by the actuary, working on behalf of the Hertfordshire County Council Pension Fund.

The correction affected the value of scheme assets as at 31st December 2021, with their value being revised from £39,900k to £39,490k. The £410k downward revision to the value of scheme assets has been treated as a prior year restatement within the 2021 results.

The impact of this prior year adjustment on the 2021 results is as follows:

- Actuarial gain on pension scheme restated as £4,940k, from £5,350k (Group and Foundation SOFA)
- Pension scheme deficit restated as £4,268k, from £3,858k (Group and Foundation Balance Sheet)
- Unrestricted funds restated as £19,542k from £19,952k (Group Balance Sheet) and £19,517k from £19,927k (Foundation Balance Sheet)

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Chair



Chris Pattison
Vice-Chair



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John Coling
(appointed 8 March 2022)



Michael Collins
(appointed 8 March 2022)



Joanna Dew
(appointed 8 March 2022)



Amanda Egbe
(appointed 8 March 2022)



Lucy Gravatt
(appointed 8 March 2022)



John Hillson
(appointed 8 March 2022)

* Deputy for Hertfordshire County Council

** Deputy for North Hertfordshire District Council

Full details of our Board of Trustees and Governors are available at
letchworth.com/who-we-are/board-of-trustees

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Leadership Team

David Ames

Executive Director – Stewardship and Development

Stuart Sapsford

Executive Director – Communities, Culture and Heritage

Mark Coles

Executive Director – Property

Matthew Peak

Executive Director – Finance

Secretary

Graham Fisher

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